

Mr Vance resigns after disagreement over hostages rescue mission

resident Carter yesterday accepted "with regret" the resignation of Mr Cyrus Vance, his secretary of State. Mr Vance felt unable to support the abortive American rescue mission in Iran. It has been plain for several months

that Mr Vance was not happy in his work. His advice to the President became increasingly unheeded. Mr Warren Christopher, Deputy Secretary of State, becomes acting Secretary until a successor is chosen.

Secret meeting led to final rift

n David Cross
Washington, April 28
Mr Cyrus Vance, the Secretary of State, has served President Carter loyally since 1976. He has resigned because of a disagreement over the abortive mission to rescue the American hostages in Iran.

His letter of resignation, dated last Monday but published today, Mr Vance said he "could not support it in its entirety" and that the reasons were "too numerous to list".



Mr Cyrus Vance arriving at the White House yesterday.

planning for the rescue mission was under way.

The dispute dates from a meeting held on April 11 when President Carter gathered together his foreign and defence policy advisers to discuss the possibility of launching a rescue mission.

House official said that for the Secretary of State to interrupt his vacation to return to Washington might well have jeopardized the mission. The need for secrecy was imperative, he explained.

Mr Vance, however, immediately informed about the President's tentative decision to mount the operation and met Mr Carter privately on several occasions to try to persuade him to change his mind.

US prime lending rates cut by 1%

From Frank Vogl
Washington, April 28
The decline in United States interest rates gathered pace today when two banks—Morgan Guaranty Trust and the National Bank of Detroit—both cut their prime lending rates by 1 per cent to 18 1/2 per cent.

The news of the cuts buoyed the stock markets; the Dow Jones industrial average was up by more than six points in mid-session at 809.21, but by the close it was back down to 805.48, 1.88 points higher than in the previous day's trading.

But the dollar came under pressure in the foreign exchange market adding to concern over the currency caused by the situation in Iran and the resignation of Mr Cyrus Vance, the United States Secretary of State.

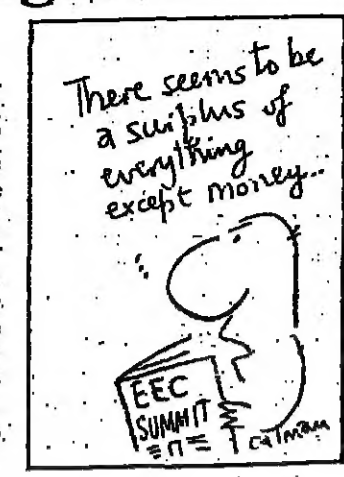
The dollar closed at its lowest level against the Deutsche mark since early March, slipping to 1.7945/55 from Friday's 1.8145/60.

Mrs Thatcher fails to win EEC budget compromise as Luxembourg summit talks collapse

From Michael Horsey
Luxembourg, April 28
The joint conference of EEC heads of government finished here tonight with no agreement on the crucial question of reducing the size of Britain's contribution to the Community budget.

Last minute efforts by the Italian presidency of the Community to resolve the question failed late in the evening.

Earlier, after a full day of arduous talks on the budget, the EEC heads of government had taken what one British official had described as a "breather" and switched their attention to the serious difficulties besetting the Community's agricultural policy and other EEC issues.



A warning of tonight's collapse emerged when the British stance was criticized by the French Government's spokesman who said that Britain's partners had gone to the "limits of generosity" and that this had been met by "an insurmountable" that was no longer reasonable.

twelve Britain and the other member states still appeared considerable this evening, comfort was drawn from the fact that the heads of government were still talking, without apparently repeating the acrimonious exchanges that marked the summit in Dublin last week.

Inquest told Mr Peach was hit by a policeman

By Nicholas Timmins
Blair Peach was hit on the head by a policeman during the demonstration against the National Front's election meeting in Southall last April, the inquest heard yesterday.

Union doubts printing lockout solidarity

By Paul Routledge
Most provincial daily newspapers failed to appear yesterday and many general printing works were at a standstill as employers implemented their threat to suspend members of the National Graphical Association over a pay dispute.

General printing employers met last night to consider their next move, after stating that there had been a "very satisfactory response" to the federation's call to member firms to suspend NGA craftsmen without pay.

new rise for Forces puts up 50% in a year

Prime Minister is expected to announce a pay rise for the Armed Forces of 16 1/2 per cent for 1980.

Bombs kill four in Tehran

Three terrorist bombs killed at least four people in Tehran yesterday and injured several others. They went off within a six-hour period—two outside a cinema, another at a shopping centre and the biggest in Jumein Square.

Mr Whitelaw rules out any 'no go' areas for police

By Hugh Noyes
Parliamentary Correspondent
Westminster
Mr William Whitelaw, the Home Secretary, told MPs yesterday that he would not allow "no go" areas in the United Kingdom.

ld cruelty link h recession

A caused by economic factors such as rising prices and unemployment is one of the causes of the growing number of cases of parents ill-treating their children, the Society for the Prevention of Cruelty to Children says.

Cup tie goes to third replay

Liverpool and Arsenal drew 1-1 after extra time in their FA Cup semi-final second replay at Villa Park, Birmingham.

Fifteen injured in train crash

Fifteen people, including nine women, were taken to hospital in Glasgow after a suburban electric train was derailed. They were discharged after treatment. British Rail is to hold an inquiry.

School children scatter as two circus lionesses leap into their classrooms

Two lionesses escaped from a circus yesterday and leapt into a school as pupils were about to have lunch. One of them jumped through the window of the room.

hch begin d pull-out

Troops have begun a withdrawal from Chad because of war there is beginning to involve France politically.

Switzerland: A 'four-page Special Report' to mark the state visit of the Queen and the Duke of Edinburgh

Classified advertisements: Personal, pages 25, 26; Appointments, 12, 24; Salaries, 24.

Salisbury: Mr Mugabe pledges 'bold steps' but no constitutional acts

Switzerland: A 'four-page Special Report' to mark the state visit of the Queen and the Duke of Edinburgh.

Business News, pages 17-23

Stock Markets: Glits, oils and properties led the markets, restoring some of the losses encountered on Friday. The FT index closed at 432.1, up 4.6.

On the Iran hostages

Mr A. L. Williams and D. James on the National Council of Journalists' dissatisfaction with the Press Council.

Levin makes a plea to elderly die with dignity

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Government expected to agree pay rise of 16½% for Forces

By Henry Stanhope
Defence Correspondent

The Government is expected to announce today a pay rise averaging 16½ per cent for members of the Armed Forces. Cabinet approval is being sought in time for a statement by the Prime Minister in the Commons during the second day of the defence debate.

The £350 million package, back-dated to April 1, will mean that the pay of Britain's 315,000 Servicemen and women has risen by nearly half in 12 months.

The 16½ per cent compares with the 14 per cent norm the Government wanted for workers in the public sector and the 20 per cent some Servicemen had hoped for, but it is much in line with expectations.

It is only an average figure, however, with some ranks receiving a higher rise than others. One objective of the Armed Forces Pay Review Body (AFPRB) has been to restore the differentials that were lost as a side-effect of the previous government's incomes policy.

New rates for private soldiers and equivalent ranks in other services will range between £3,700 plus and £5,500. A major's salary after eight years in that rank moves from £10,054 to £11,754, and a brigadier, the highest rank dealt with by the AFPRB, will have an extra £3,000, one of the biggest rises, to take him beyond £15,000.

The AFPRB makes recommendations on forces' pay after comparing the incomes of a wide range of civilian jobs. Its report is sent to the Prime Minister, who seeks the Ministry of Defence's reaction before putting it to the Cabinet for approval.

Although there is no cabinet meeting until Thursday, the Prime Minister's office is trying to get the agreement of cabinet members individually in time for an announcement today.

The restoration of differentials should help to persuade trained men and women to remain in the forces rather than leave prematurely, as happened during the last two years of discontent over pay and conditions.

Manpower figures have since improved. But recruiting officers have given warnings that they still have a lot more to do, and the 1980s will make it more difficult because of the falling birth-rate in the 1960s.

Last year the Armed Forces received a 32½ per cent increase which, the AFPRB says, was needed to restore full comparability with civilian incomes.

Mr Callaghan's government approved a 24½ per cent rise in April. A month later Mrs Thatcher's Government awarded them a 20 per cent increase with its pre-election pledge to restore comparability at once instead of phasing it over 12 months.

Labour MP backs union drive to curb imports

By Our Labour Staff

Mr John Silkin, the opposition spokesman on industry yesterday, called for a "system of general controls on imports of manufactured goods". He told a Transport and General Workers' Union meeting in London that such a system was needed "if we are to save British industry and in doing so safeguard the employment of our people".

Mr Silkin in effect offered his support to the IGWU's launching yesterday of a "charter" aimed at bringing pressure to bear on the Government, employers and the Labour Party to back import restraint.

It would not be right, he argued, to ban all foreign imports, but the IGWU has launched a propaganda campaign against imports, particularly in the motor industry, chemicals and textiles. Among plans unveiled yesterday was one for union negotiations to press for cuts in imports, for example, of raw materials by manufacturers and public authorities with whom they deal.

The charter says: "Shop stewards should seek to use bargaining machinery to raise questions of import penetration, whether in the form of product competition, importation of raw materials, machinery, equipment and components from abroad, or in the form of investment abroad."



Visitors to Kew Gardens, in London, taking their ease in the shade of a canopy of magnolias.

All bodies of Tenerife dead to be flown home

From Frances Gibb
Tenerife, April 28

With all 146 dead from the Dan-Air Boeing 727 crash on Friday accounted for, British investigators in Tenerife today began the grim and difficult task of identifying the bodies.

Senor Jesus Javier Rebollo, the island's governor, said that whether or not they succeeded, the bodies could be flown back to England. Earlier there had been fears that identification was impossible, but Spanish authorities would insist that by law the bodies should be buried on the island.

Dental records of the dead are being sent from England to assist the British Department of Trade investigators, who include two odontologists and three specialist pathologists.

The identification is expected to take five to seven days. The bodies are in an army barracks, about 10 miles from the scene of the crash, about 5,000ft up on the pine-covered slopes of the Forest of Hohe.

Relatives have been discouraged from flying to the island because of the state of the bodies and are not expected to take part in the identification.

Meanwhile, with no further clue to why the pilot of the aircraft took the fatal wrong course southward, a memorial service for the dead was held in the Anglican church at Puerto de la Cruz.

Two hundred people, mostly British residents, packed the tiny grey-stone church of All Saints, which was bedecked with Arum lilies, Madonna lilies and carnations for a requiem communion service.

The Bishop of Gibraltar in Europe, the Right Rev John Satterthwaite, the Bishop urged everyone to remember "those back in England in all those cities in the North where there is sadness and affliction at this time".

Afterwards the chaplain, the Rev James Woodhead-Kitch-Dixon, who was induced only the day before, said that on the night of the crash he went straight in the barracks where the bodies were being brought in and held a service. Another memorial service was held today in the island's Roman Catholic cathedral.

No further evidence from the flight data recorder or the cockpit voice recorder has yet been put forward by Dan-Air.

The area of the site which rescue teams are still clearing of personal possessions, has been cordoned off.

The Pope's message: Pope John Paul II, in a telegram from the Vatican, expressed grief yesterday over the air disaster and sent his condolences to relatives of the victims (The Press Association reports).

One fact that has emerged from the wreckage so far found is that the crash probably occurred at 14.25 local time, six minutes after the plane was last in contact with the control tower.

The governor of the island has confirmed the Spanish authorities' view that the airport, Los Rodeos, is safe. He said that the director general of aerial navigation had said that the airport would not be any safer if it had precision radar.

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NGA pickets held as lockout starts

From Arthur Osman
Birmingham

Seven members of the National Graphical Association, picketing outside the Express and Star, Wolverhampton, were arrested for alleged obstruction yesterday when the management produced a page paper, the third of its type since last Friday.

With a sister paper at Telford, Shropshire, a total of 333,000 copies were distributed to retailers. The paper does not use hot metal composition.

Mr Leslie Stallard, the group's managing director, said: "There has been one edition produced between 11.30 am and 12.15 pm. We have our full National Union of Journalists staff working, so it is very similar to normal."

He declined to give details of the preparation work other than to say "we are using management and as many people as we can in our organisation to produce it. We shall endeavour to make every effort to produce the newspaper, but I do not wish to go into further details."

Mr Kenneth Ashman, general secretary of the National Union of Journalists, said last night after a meeting in London of the national executive's emergency committee that Mr Michael Bower, the Wolverhampton regional organiser, would today advise NUJ members faced with an NGA picket to observe it.

Most provincial newspapers failed to appear yesterday as employers implemented their

Mail, which did not produce either of its daily papers on Saturday or the Sunday Mercury, did not appear again yesterday. Mr David Hopkinson, the editor in chief, said: "We have made no attempt to produce."

Mr Keith Whetstone, editor of the Coventry Evening Telegraph, which has not published since last Thursday, said: "We are producing a couple of photocopied sheets of local news and sport which are in the head-office window. Tomorrow we shall report on the city council and next Friday if we are still absent we shall have a summary of local election results."

The Leicester Mercury issued what an executive called "news posters" for newsagents' windows, public libraries and their own branch offices. They carried headlines and summaries of local news.

Neither the Derby Evening Telegraph nor the Birmingham Evening Gazette, Stoke-on-Trent, both owned by Associated Newspapers, was published. The Liverpool Echo, which did not publish either, produced duplicated news sheets.

Tim Jones writes from Cardiff. All main newspapers serving Wales failed to publish yesterday. The printing workers were sent home after reporting for work at the Evening Argus, Newport, the Western Mail and South Wales Echo, in Cardiff, the Evening Post in Swansea threat to members of the NGA over a pay dispute.

The Birmingham Post and the London Daily Post and Liverpool Echo.

In Bristol the management of the Western Daily Press and the Evening Post said it was continuing its decision taken a fortnight ago to suspend publication.

Our Southampton Correspondent writes: The Southern Evening Echo, based in Southampton, produced an emergency four-page edition. It was printed by outside contractors while about 100 printers are locked out, and the management hopes to produce a similar edition for the rest of the dispute.

Members of the NGA mounted a picket line yesterday of about 80 people.

The Barnstaple Chronicle, a weekly newspaper based in Winchester, with the Romsey Advertiser, Alton Gazette and Exmouth News, members of the group, will be produced as usual on Friday.

Christopher Thomas writes from Belfast: A peace deal at The Irish News in Belfast was unexpectedly withdrawn by the management, members of the group, will be produced as usual on Friday.

The management offered an £80 weekly minimum to craftsmen with an immediate 90-minute reduction in the working week and another hour next year. The indications are that the deal was called off because of pressure from other employers.

Papers' closure may benefit radio

By Derek Harris
Commercial Editor

If the shutdown of the English regional newspapers continues into next week a considerable proportion of the advertising they normally carry, running at probably more than £200m a year, is likely to start being diverted into local independent radio.

Private sector job agencies could also benefit. Independent television networks are likely to gain only where advertising, notably the nationally spread retail store chains, use television. Few companies are expected to face the costs of making new television commercials to offset the effects of the shutdown.

Another route for advertising likely to be considered if the shutdown continues for several weeks is for companies to make up their own printed material, sending the printing done abroad if necessary, and either mail it in a locality or put in street corner distribution.

McCann Erickson Advertising, whose retail accounts include Tesco stores and the gas boards, said last night it was too early to make decisions but where localised campaigns would have been promoted through newspapers the local independent radio stations, where one is available, would be the first logical option.

It is still possible to book air time quickly at many stations but advertisers would not in the long run be able to turn to the magazine market as an alternative outlet because of the comparatively long lead times in booking space.

Linns, another key advertising agency, said that some campaigns had been disrupted a little but that only several weeks of shutdown were likely to lead to significant policy switches in the placing of advertising.

Latest figures for regional press advertising, including Scotland, available from the Advertising Association show that in 1978 £483m was spent, of which £194m was on display advertising and £289m on classified advertising.

Last year declining job advertising affected the classified sector in many areas but other advertising was reasonably buoyant, with the television strike bringing in extra advertising, according to the Newsprint Society.

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Career reforms urged in medical research

By Pearce Wright
Science Editor

A reform of much of the medical research in the United Kingdom is recommended in a report published today by the Association of Researchers in Medical Sciences.

The document proposes a more efficient use of the £80m committed to short-term contract research in hospitals, universities and medical and dental schools and allied research centres.

About £100m a year is spent on medical research, and the greatest inefficiency lies in the research system which comes into the short-term contracts, according to a study completed by the association's members.

The system produces a poor return on investment and is deleterious both for the quality of research and to the morale of the 4,000 to 5,000 people involved, it states.

The weaknesses lie not in lack of funds but in the way they are allocated. One drawback is the absence of a formal career structure. Most fixed-term contracts run an average of 2½ years without security of tenure.

It is becoming increasingly difficult to employ staff aged over 30 on short-term projects because they are too expensive. The report states giving evidence. It also shows that it is becoming increasingly difficult, and in many cases almost impossible, for experienced scientists to find full-time employment in research.

The association has a growing list of eminent scientists who are receiving social security benefits, a sign of a time when the lack of continuity of research, rather than lack of money, is causing interruption in important medical research programmes.

The first aim, therefore, is to establish a career structure, and a controlling board for medical research. That would act as a liaison with the main organisations, such as the Medical Research Council, the Department of Health and Social Security, the Royal Society and industry, which provide the main source of funds.

Medical research workers would be employed by the Medical Research Council, the Department of Health and Social Security, the Royal Society and industry, which provide the main source of funds.

The review, conducted by the association, excludes those medical scientists working on the Medical Research Council's institutes and those in the pharmaceutical industry, which has a career structure.

However, the Medical Research Council is known to be negotiating with the Association of University Teachers for a reversion to the limited-term contract system for its staff.

The traditional method of having short-term research grants does not meet the necessary continuity for studies, partly because of the more technical nature of research schemes.

The Case for Careers in Medical Research, Association of Researchers in Medical Sciences.

Thatcher mortgage worries

By Our Political Reporter

Mrs Margaret Thatcher has said that the worst decision she had to make in her first year of office was to let interest rates rise and so cause mortgage increases.

"I am the first to know that it caused very difficult problems," she states in the latest issue of The London Illustrated News. "I believe they are temporary."

Mrs Thatcher says they are among the things that the Government has had to do that "are temporarily painful" but she says it is to secure better things in the long term. The reason why mortgage rates went up was because the Government was spending too much, she says.

"The thing we can do to help the person on a mortgage is to reduce government spending and therefore to borrow less and thus relieve the pressure on the pool of savings and to get interest rates down."

Insurance man has his assault sentence cut

By Richard Ford

An insurance company representative with a "burning sense of grievance" had a nine-month prison sentence, for assaulting his district manager, quashed by the Court of Appeal in London yesterday.

Joseph Careford, aged 45 of Morning Lane, Hackney, London, was told by Lord Justice Shaw, sitting with Mr Justice Jupp and Mr Justice Mustill, that the sentence imposed on him by Southend Crown Court almost two years ago was not entirely necessary.

In 1978, the Court of Appeal gave him a one-month prison sentence, suspended for a year. Mr Careford walked free from the court because he had served more than two months of his prison sentence before being granted bail to make his appeal.

Mr Careford, with Mr Alan Davies and Mr Ernest Doyle, had pleaded guilty to assault occasioning actual bodily harm against Mr Brian Adderley, a

district manager with the Prudential Assurance Company. Mr Adderley had been terrified by a "nasty episode" in Leigh-on-Sea, Essex, in September, 1978.

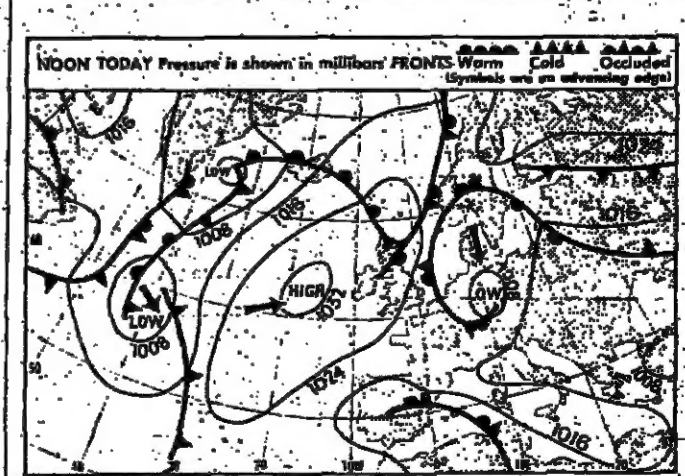
Mr Doyle, Mr Careford, told the court that his client had a burning sense of grievance about what had happened and wanted the details to come out in court.

But Lord Justice Shaw said he was sure Mr Careford had become obsessed. The history of the case was rather pathetic, Mr Careford had been one of the senior insurance representatives with the Prudential. But in a reorganisation he had been transferred to an office with a district manager he did not get on with.

Mr Careford got the help of the other two men in a plan to assault Mr Adderley.

The two other men did not appeal yesterday. Mr Davies had been given a nine-month prison sentence suspended for two years, and Mr Doyle had been fined £100.

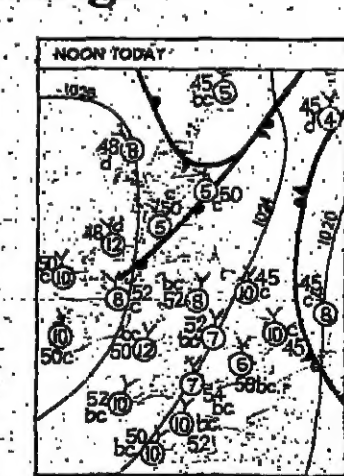
Weather forecast and recordings



Today
Sun rises: 5.38 am
Sun sets: 8.21 pm
Moon rises: 1.57 pm
Moon sets: 7.23 pm

Full moon: Tomorrow
Lighting up: 8.51 pm to 5.4 am
High water: London Bridge, 2.20 am, 6.8m; 2.40 pm, 7.0m. Avonmouth, 7.42 am, 12.3m; 8.4 pm, 12.5m. Dover, 11.44 am, 6.2m; 1.57 pm, 6.4m. Hull, 6.42 am, 6.9m; 6.47 pm, 7.0m. Liverpool, 11.49 am, 8.7m.

Pressure remains high to the W and low to the E.
Forecasts for 6 am to midnight:
London, SE, Central S and E England, East Angles, E Midlands, Channel Islands: Rain, cloudy, some bright intervals developing, a little rain or drizzle in places; max temp 9° to 11°C (48° to 52°F).
W Midlands, SW NW and Central N England, Wales: Sunny periods, cloud developing with scattered showers; wind NE, light or moderate; max temp 12° to 14°C (54° to 57°F).
Lake District, Isle of Man, SW Scotland, Argyll, N Ireland: Sunny intervals, isolated showers; wind N, moderate; max temp 10° to 12°C (50° to 54°F).
NE England, Borders: Dry, sunny periods; wind N, moderate; max temp 10° to 11°C (50° to 52°F).
Edinburgh and Dundee, Glasgow: Dry, sunny periods; wind N, light or moderate, becoming variable; max temp 12° to 14°C (54° to 57°F).
Aberdeen, central Highlands, Moray Firth, NE and NW Scotland, Orkney, Shetland: Rather cloudy, a little drizzle in places; sunny intervals developing; wind W or NW, light or moderate; max temp 10° to 12°C (50° to 54°F).
Outlook for tomorrow
Thursday: Continuing mostly dry in the N and W with some sun and showers; sunnier in the S and E with some sun and showers; max temp 10° to 12°C (50° to 54°F).
Friday: Wind N, moderate or fresh; sea slight or moderate.



English Channel (E): Wind NE, moderate; sea slight.
St George's Channel, Irish Sea: Wind N to NE, moderate; sea slight.

Yesterday
London: Temp: max 7 am to 7 pm, 12°C (54°F); min 7 pm to 7 am, 9°C (48°F). Humidity, 7 pm, 71 per cent. Rain, 2.46 to 7 pm, 0.05in. Sun, 2.4hr to 7 pm. Bar, mean sea level, 7 pm, 1,021.5 millibars, steady.
1,000 millibars = 29.53in.

Overseas selling prices
Australia \$1.50; Austria Sch 90; Belgium 30 0.00; Belgium 30 0.00; Canada 1.00; Denmark 1.00; France 1.00; Germany 1.00; Greece 1.00; Hong Kong 1.00; India 1.00; Italy 1.00; Japan 1.00; Korea 1.00; Malaysia 1.00; Mexico 1.00; Netherlands 1.00; New Zealand 1.00; Norway 1.00; Portugal 1.00; Spain 1.00; Sweden 1.00; Switzerland 1.00; Taiwan 1.00; Thailand 1.00; Turkey 1.00; U.K. 1.00; U.S.A. 1.00; West Germany 1.00; Yugoslavia 1.00.

Vroom, Vroom!

The B.A.T. 492 c.c. solo motorcycle, c.1901/02, illustrated below, was sold totally unreserved at Sotheby's sale at Donnington on 19th April for £2,000. The machine has been in one family since new.

Sotheby's next sale of Vintage, Vintage and Special Interest Vehicles will take place in conjunction with Sotheby King and Chasemore at the South of England Showground, Ardingly, Sussex, on Saturday 5th July, 1980. Entries for inclusion can be accepted until 6th May.

For further information telephone
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Low-cost parkland scheme for London launched

By Christopher Warman
Local Government Correspondent

A plan to convert parkland, common and rural land in south London into a new leisure and water sports area four times the size of Hyde Park was unveiled by the Greater London Council yesterday.

It would provide sailing, rowing, angling, routes for cyclists and ramblers and a wildlife reserve, with the possibility of water skiing and sub-aqua activities.

The area covers 1,200 acres between Beddington and Mitcham, and a detailed feasibility study is to be carried out now that the GLC, the boroughs

of Croydon, Merton and Sutton, and the Thames Water Authority have agreed on the concept.

If approved, the plan will be phased over 15 to 20 years, and it is intended to extract gravel from the area. That could provide the water authority with storage and treatment facilities in the form of a chain of lakes which would be used for water sports.

Little cost to the public is envisaged because gravel concerns would be expected to pay for the work needed to convert gravel pits into lakes. Private enterprise would then be invited to provide or operate individual recreational facilities.

Russian chess boycott plea

By Our Political Staff

British chess players are being asked to consider boycotting international competitions arranged by Soviet players if the wife and son of Mr Viktor Korchnoi are not allowed to join him in Switzerland by June 30.

The request came from the all-party Parliamentary Rights Group in a letter to the British Chess Federation. They said the Soviet authorities are conducting a boycott of all competitions in which Mr Korchnoi takes part.

New inquiry into ILEA

By Our Education Correspondent

The Government has set up an inquiry into the future of the Inner London Education Authority (ILEA) which could result in the breaking up of the Labour-controlled body and the transfer of its responsibilities to individual boroughs.

In a parliamentary written reply yesterday Mr Mark Carlisle, Secretary of State for Education and Science, said the Government had begun an examination of the local government arrangements for the provision, administration

and financing of education in inner London. He would make a further statement when the study was complete.

The Prime Minister is known to favour a break-up of the ILEA. A working party of London Conservatives submitted a report to the Government in February which referred to the ILEA's "poor educational standards" and lack of democratic and financial accountability and urged its dismantlement.

Most of the 12 inner London boroughs are opposed to the transfer of education services to them.

Report on 'sus' law may favour abolition

By Peter Evans
Home Affairs Correspondent

The weight of evidence against the "sus law" given to the House of Commons Select Committee on Home Affairs suggests that its report next month is likely to be decisively influenced by arguments in favour of its abolition.

The law, under section 4 of the Vagrancy Act, 1824, relating to the offence of being a suspected person loitering with intent to commit an arrestable offence, has become the subject of a fierce campaign by abolitionists. Many magistrates and other members of the legal profession also have misgivings, and it would be surprising if they were not heeded by the committee.

In recent years the law has been a growing source of grievance among young black people, and it plays a central role in their relations with police.

In evidence to the select committee's subcommittee on race relations and immigration, the "Scrap 'Sus' Campaign" said:

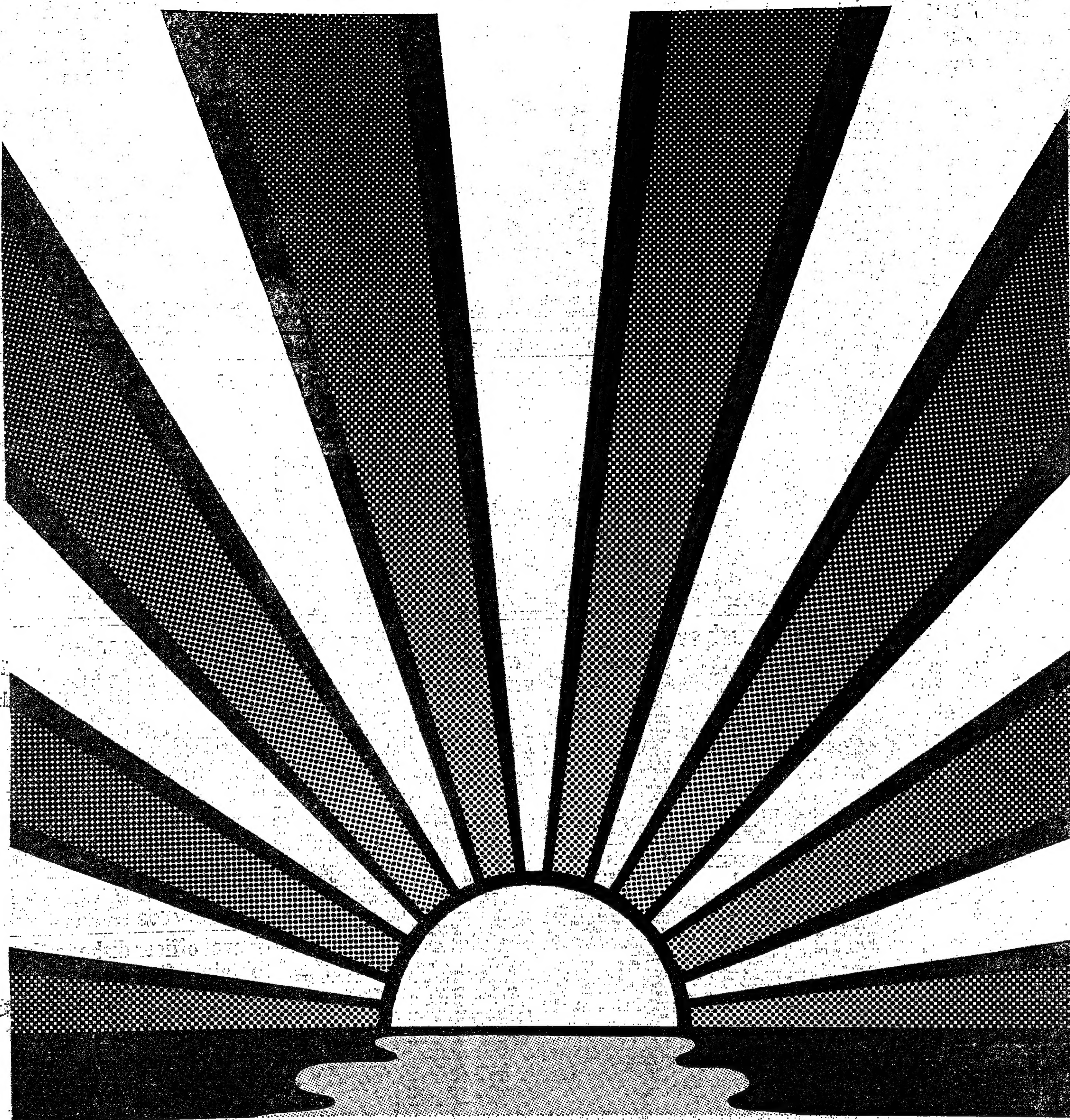
"The view of the community to the black youngsters are being unfairly picked on and harassed by the police, who see being black and young as being synonymous with potential criminality, and who use the law accordingly against black youngsters on the streets."

Last year 40 per cent of those arrested as suspected persons in the Metropolitan Police district were black. But the police strongly deny discrimination.

Sir David MacNe, the Metropolitan Police Commissioner, told the subcommittee: "It is essential in the public interest that police retain the power to arrest suspected persons loitering in public places with intent to commit crime."

The committee is bound to be influenced, however, by such witnesses as the chairman of the Bar, Mr Peter Taylor, QC, who said that the law was unsatisfactory and archaic, and no law would be suffered if it was abolished.

Home Office ministers will await the select committee's report before considering if a change should be made. They will also want to hear the views of the Law Commission.



How the Pathfinders are selling to the world's toughest salesmen.

Everyone knows how successfully Japan sells to Britain, but do you know how much we sell to them?

Every day millions of Japanese ladies wear dresses dyed with ICI dyes; hundreds of thousands of Japanese patients take ICI medicines; and much of that delicious Japanese food is grown with the help of ICI crop protection products.

In fact, ICI are one of the biggest foreign chemical companies in the Far East; last year our exports to Japan alone went up by 25%, something which is all the more remarkable because the Japanese have a very large chemical industry of their own.

How did we do it?

Part of our success comes from manufacturing some

of our products on the spot in Japan, in partnership with Japanese companies. Surprising though it may sound, manufacturing overseas like this actually increases exports from home. Because it creates a demand for the basic materials those factories need; and for other ICI products that we make here.

In fact, in the last couple of years, ICI have invested more worldwide than any other chemical company. In this way our overseas investments create jobs at home, which is one of the benefits of having an international network.

Of course Japan isn't our biggest market. But it is one of the most competitive. If you can sell to the Japanese, you can sell to practically anybody.



The Pathfinders
Selling worldwide for Britain.

HOME NEWS

Witness tells Peach inquest that she saw him hit once on the head by a policeman during charge

By Nicholas Limb

Blair Peach was hit on the head by a policeman, a witness said at the resumed inquest at Hampstead Coroner's Court, London, yesterday.

Mr Peach, aged 33, of Laverham Grove, Hackney, London, died from head injuries after a demonstration against the National Front election meeting at Southall, London, last year.

Miss Amanda Leach, aged 22, a teacher from Under Tooting Road, London, told the court that she saw the blow to his head.

Miss Leach said she was a member of the Anti-Fascist League and the Socialist Workers' Party.

When she was in Bessie Street, she saw a policeman with a baton striking Mr Peach on the head.

It was absolutely terrifying. I was in the middle of the crowd and I saw a policeman with a baton striking Mr Peach on the head.

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Miss Leon said she had seen none of those things.

Mr Watling asked her if she had seen a copy of *Socialist Worker* published before the demonstration saying that "any used to stop the National Front meeting, Miss Leon said she had not.

Asked why, when she met two friends in the road after she said Mr Peach had been hit, she did not mention the fact to them, she said it seemed to be stating the obvious. Many people had been hit; she had been hit herself. The most important question was where Mr Peach was.

Answering questions from Mr Richard Harvey, Miss Leon said: "I did not see any attempt made to arrest anybody. The actions of the police, armed with riot shields and truncheons, were 'quite clearly aimed at hitting people. They seemed to be trying to hit anybody they could', she said.

"They seemed to be going for people's heads", Mr Martin Gerald, a teacher from Meadside Road, Ealing, who accompanied Miss Leon and Mr Peach, said he saw people being hit with truncheons, and no attempt was made to arrest people.

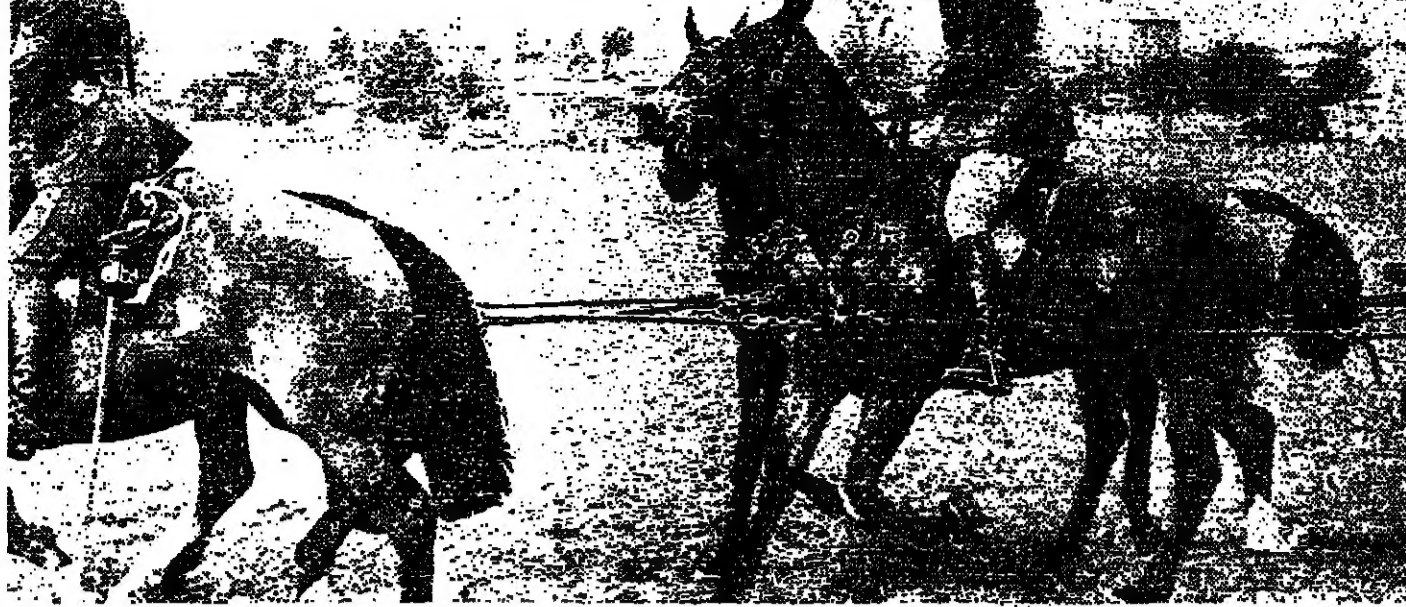
When he met Miss Leon after Mr Peach was injured, she said she had been hit, but not that Mr Peach had been struck. Someone in the house told him he had seen Mr Peach hit twice on the head.

Mr Gerald said that press reports quoting him as saying he had seen Mr Peach struck twice were incorrect. He had not seen him hit. "I may have said that a person in the house had seen Blair Peach hit twice", Mr Gerald, a member of the Socialist Workers' Party, agreed.

He had declined to make a statement on the night of Mr Peach's death to Commander John Cass, who investigated Mr Peach's death, but that he had given an interview to the BBC.

He had wanted a solicitor present and had made a statement the next day.

About 15 people demonstrated outside the court.



Major-General Desmond Langley, GOC London District and Royal Tournament chairman, fulfilling a lifetime's ambition by riding centre horse in a King's Troop gun team in a rehearsal

Crime for pleasure: London a natural distribution centre for £500m 'white film' trade

FBI raids show pornographers moving into video piracy

By Stewart Tendler

Crime Reporter

Goode Coast Specialities Inc in Miami, Florida, appeared to be another of the businesses growing up with the video boom. For more than two years its executives were regular visitors to the offices of wholesalers and distributors.

But on St Valentine's Day this year Goode Coast was revealed as a front for an FBI investigation called "Mipson" directed against the Mafia.

What started as an attempt to break the gangster grip on the pornography industry ended by disclosing how the pornographers had moved into "white films" or video piracy.

On the other side of the Atlantic raids by Scotland Yard and the Dutch police at the end of last year showed that

white films were no longer an American phenomenon. In all, 5,000 cassettes of feature films were seized, with 1,000 master tapes from which they had been made.

The lists of films seized in Amsterdam were a catalogue of many of the main productions of the past 10 years, but few had been issued legitimately as cassettes for home use.

It was no surprise to film industry executives in Soho or Hollywood. After all, they said, *Star Wars* was never issued as a video but it can be bought anywhere in the world.

"Video crime" is never far from the mind of the American authorities. In 1974 the American authorities seized 2,000 pirate films, but not a single cassette. In the first six months of last year they recovered 92 film reels and 3,745 cassettes.

Part of the blame can be placed on the legitimate industry, which was slow to recognize the rapid growth of the video market and clung to the traditional market place of the cinema.

The pirates were not slow to plug the gap. They do not even wait for films to appear on general distribution before offering them for sale.

Their sources are film laboratories (cassettes have been made from the originals used in cutting films), distribution points and projectionists' booths.

The aim is to produce a good quality master tape from which copies can be run off quickly and efficiently. It is a far more expensive operation than anything involved in "audio crime". A complete set of equipment for all the tasks involved may cost £250,000.

The market lies not only at home but also in areas like the Middle East.

London is a natural distribution point for many such markets and has the added advantage that there is a pool of technical skill available for work such as dubbing or subtitling. It is estimated that at any one time there are six pirating operations taking place in London.

On the domestic market the finished cassettes command £20 or £30 and in the Middle East the price rises to £100 or more. There does not appear to be any hard link between the United States and Britain, but police feel there is often an international connexion not unlike the sort of ad hoc network found in the illicit drug world.

But Scotland Yard, like the FBI, has discovered a strong connexion between blue and white films. Det Chief 1st Col Colin Ashdown, Head of Scotland Yard's "Yard" team from the arts and sciences, estimates that 15 per cent of the cassettes are usually pornography.

Police interest was aroused when the film in question approached Interpol in 1979 years ago. Mr Ashdown's team have found their work troubling and in countries as far apart as South Africa, Canada, and the United States, forces have begun investigations and raids.

In the background the industry's investigators are fighting on a worldwide scale against an operation the size of which is more than £200 million. The "Mipson" and "L" raids have done something to break the pirates' gains but film moguls' brows.

Fifteen hurt as train is derailed Glasgow

From Our Correspondent Glasgow

Fifteen people, including women, were taken to hospital yesterday after the Dalr Motherwell train was derailed on the west side of Glasgow.

The three-coach train, which was carrying 80 passengers, derailed at a station when it jumped the rails at Hyndland Junction.

Emergency services, alerted by police and fire, helped passengers down the two front coaches.

The leading coach had bogies derailed and was upright in a slightly tilted position. The second coach was only partly derailed. An injured man was taken to hospital.

A spokesman at the W Infirmary said that all treated, mainly for bruise and lacerations, had been allowed home.

After the derailment, Rail officials inspected the derailed coaches. An investigation is being held into the accident.

Axed driver gave police car the chop

Kevin O'Sullivan, aged 33, a taxi driver, was charged with driving a car which he failed to get a good price for his van after being banned from driving. He went outside with an axe and started to chop it up. And when police called to the scene he started chopping up their patrol car.

Surrounding the incident, the policeman retreated to their car for safety when Mr O'Sullivan approached them, raised the axe and said: "I'll chop the lot of you."

He smashed it down on the bonnet of the car, which shattered a wide window, forcing one officer to duck to avoid being hit, before the car drove hurriedly away.

Mr O'Sullivan admitted causing £4 of damage to the police car and carrying an offensive weapon and using threatening behaviour likely to cause a breach of the peace.

It happened outside his flat in Chertsey, Dorset, three weeks after he had been disqualified for drunken driving. For Constable Richard Chiswick, for the prosecution, said officers who went to the scene were showered with glass as Mr O'Sullivan started hacking at the police car.

Mr O'Sullivan, defending, said that Mr O'Sullivan had been taunted by friends when he put the van up for sale. They made offers of £5 and £10.

Something drove him to say, "I cannot get a decent price for my van, nobody is going to have it."

Mr O'Sullivan told the court: "I am ashamed of everything I have done." He admitted separate charges of assault and failing to take a breath test, as well as a second drink and driving offence.

The hearing was adjourned for reports to be prepared.

Study of diet to curb sclerosis

By Annabel Ferriman

Health Services Correspondent

A £250,000 study is being set up in London to assess whether a diet high in unsaturated fats and low in saturated fats could slow down the progress of multiple sclerosis.

A centre is being established to advise 200 patients to consume unsaturated fats, such as sunflower oil, and avoid animal fats. It will also provide physiotherapy, which MS patients often find hard to obtain because of the shortage of physiotherapists.

More than £140,000 is to be contributed to the centre by Action for Research into Multiple Sclerosis (ARMS), which also hopes to raise the balance. It is to be opened at

Action, on May 30 by Sir George Young, Under-Secretary of State for Health and Social Security.

Mr John Simkins, chairman of ARMS, said yesterday that his organization believed that a diet high in unsaturated fats provided some relief from the disease.

A case history will be recorded of each patient before the treatment and their relapse rate compared after 18 months' treatment. "If the rate has improved we shall have persuaded the authorities to take a bigger interest in such treatment", Mr Simkins said.

It was a difficult disease to study because of its variable nature and because it tended to develop differently in each

Broad-based first degrees get support

By Our Education Correspondent

A strong appeal for the retention of large schools at a time of falling pupil numbers is made by Professor Eric Braithwaite, former chief education officer of the Inner London Education Authority, in a report published yesterday.

The report is based on research, funded by a £37,000 grant from the Department of Education and Science, carried out by a team led by Professor Braithwaite at Sussex University between December, 1977, and December, 1979.

It examines the way 20 selected comprehensive schools were coping with falling rolls at the time of the study, and makes recommendations about how local authorities, the Government and teachers should handle the further decline in numbers which will soon affect all secondary schools.

Secondary school pupil numbers are expected to fall by more than a quarter in the next decade. Professor Braithwaite argues that local authorities

should not consider how many schools they can keep open, but rather how few can be sensibly provided, "for those few are most likely to be large enough for them all to be good schools".

"A good school", he suggests, would "offer a well-balanced curriculum to all its pupils, with sufficient choices for older pupils to meet their varied needs. It would have enough pupils for their educational experiences among their peers to be full and rewarding."

It would be large enough to support the agreed curriculum and organization without using more than its fair share of resources to schools within the area."

However, Professor Braithwaite does not say what is the optimum size for a school; what it can be too large; what basic curriculum should be; or how much and choice should be provided.

Parental preferences should be reflected in the choice of the schools to be retained, he says. "The schools should build on success, rather than on failure. There were too few of them that were good enough to be worth saving."

He goes on to advocate a "re-organization of the number of schools, amalgamations, and closures. Many pupils at popular schools protest that the amalgamation of their school with the unpopular school would mean the loss of their school and its ethos; for an amalgamation results in the retention of the popular and the unpopular school."

Falling Rolls in Secondary Schools: Part One by Braithwaite and Francis Smith (published by Company D House, 2 Oxford Road East, St. Barts, £5.75).

Plea for retention of big schools

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RAF expected to get 18 more Hawk trainers

By Henry Stanhope

Defence Correspondent

The Government is to buy 18 more Hawk aircraft for the RAF from the Hawke Aerospace at a cost of £48m. An announcement is expected to be made by Mr Geoffrey Pattie, Parliamentary Under-Secretary for the RAF, at the end of the Commons debate today.

The additional jet trainers are needed to cope with the RAF's expanded training programme for pilots, and will bring the total number of Hawks in service to 193.

The Government recently announced that up to 90 of the Hawk aircraft are also being fitted with Sidewinder air-to-air missiles to augment Britain's air defences in an emergency.

The RAF has been short of fighter-interceptors for many years, and its vulnerability in the event of a massed air attack on Britain was emphasized in a report last week by the Commons Select Committee on Defence.

Mr Pattie is also expected to make a statement on the negotiations with the United States Air Force (USAF) over the possible purchase of British Aerospace Rapier anti-aircraft missiles to defend USAF bases in Britain. The deal should be worth about £40m.

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Naval officer dishonestly obtained free meals

From Our Correspondent Portsmouth

A lieutenant-commander at HMS Collingwood, Fareham, Hampshire, obtained free meals by pretending he was living in his wardroom mess. But the officer, Neil Rowe, was living at home with his wife and family two miles from the base, a court martial at Portsmouth was told yesterday.

He admitted obtaining £130 from the Navy by claiming free meals to which he was not entitled.

Lieutenant-Commander Trevor Chrich, for the prosecution, said that Lieutenant-Commander Rowe joined the Navy's electronics school at HMS Collingwood in 1976. Before that he lived in Wiltshire.

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Town that refuses to be written off the map

Almost as an act of faith, infused with defiance, Merthyr Tydfil this year celebrates 1,500 years of history. The town which spawned the industrial revolution, suffered Chartist beat back in bloody riot regular soldiers and elected the first Labour MP, has steadfastly defied attempts to write it off.

Its history can be traced back to AD 480 when Tydfil, chiefdom of Brycheiniog, the Welsh chieftain, was martyred at the hands of marauders. Since then the town has served as an essential link to anyone seeking to understand the radical socialist tradition of the South Wales valleys.

Merthyr was dragged from rural slumber in 1739 when a small blast furnace was built on the hillside overlooking the town's parish. By 1840 the furnace had proved to be the forerunner of the greatest ironworks in the world and Merthyr was the largest town in Wales.

Condemned by some Calvinistic Methodists, who did not fully comprehend the pressures of inferior housing, overcrowding and the resentment created by exploitation as a "hotbed of paganism and heresy", the people of Merthyr fought back to form a cogent valley philosophy.

It was almost a tribute to the

Regional Report

Tim Jones

Merthyr Tydfil

town when Lord Melbourne wrote in 1839 that "it is the worst and most formidable district in the kingdom".

Eight years before that the Merthyr men had sent shivers down the spine of established society by raising a red flag and rising in rebellion in the name of reform. For four days thousands of workers beat back regular soldiers and were only beaten after 500 troops converged on the town. The aftermath of the 1831 rising saw the establishment of the first trade union lodges in Wales and east the die for a radical socialist tradition.

When he launched the official celebrations last month Mayor, Mr David James, shrugged off the attempts which have been made to write the town off the map. "They expect us to lie down and fade away quietly. But my message to them is, forget it."

In March 1939 the Government was thinking of legislating the town away as though it

had never existed. The conclusion of the Parliamentary Economic and Political Planning Unit is unequivocal: "The town should be completely abandoned and its population drafted out, man, woman and child, to the coast or to the Usk valley."

The premise for this staggering solution to the problems caused by the massive unemployment engendered by the depression was simple enough. Merthyr had been rich in profitable coal and iron; that situation no longer prevailed and the town should therefore cease to exist. (The report did not explain how 7,000 unemployed men would find work in the rural Usk valley.)

Another little gem of observation from the report still infuriates the town: "No detached person would be likely to favour going to live at such a spot after the minerals have ceased to make it worthwhile."

The attitude is not dead. Last year, Casper Brook, the director of the David Owen Centre for Population Growth Studies, suggested that the valleys, including Merthyr Tydfil, should be abandoned.

He said: "I can see no future for them, none at all. Everything that's tried in the valleys seems sooner or later to peter out. Industry comes to

a standstill, the social and health services are very poor. Inevitably it is one of the most deprived areas in Europe. I should think, let alone the United Kingdom. In 50 years there will be only sheep in the rural areas and all the really enterprising people with any kind of guts in them will have left South Wales, which is the only important part of Wales from an economic point of view."

His depressing scenario filled Professor Gwyn A. Williams, Professor of History at University College, Cardiff, with horror. "That would be the death of Wales. But my response can be dismissed as Utopian under the present system of society. However, I say do not eliminate the valleys but eliminate the society which can treat the valleys only as a folk museum."

Mr James comments that writing off Merthyr is almost a fulltime occupation but in spite of the merchants of doom, the town endures.

Its traditional industries have declined but the diversification of the industrial base makes it less vulnerable to the kind of devastation suffered in the past when a recession in either steel or coal made the whole town hungry. There is about the town a guarded optimism which proclaims that Merthyr Tydfil is not yet ready to be written off.

AP 11/15/80

HOME NEWS

Recession 'a cause of increased child cruelty by parents'

By John Witherow

More children are likely to be physically ill-treated by their parents because of tensions caused by Britain's increasing economic difficulties. That is the view of the National Society for the Prevention of Cruelty to Children.

In its 1979 report, published yesterday, the society said it had dealt with 1,052 cases of suspected non-accidental injuries to children in the 12 months to September 30 last. That compared with 615 in 1978.

The society accepted that there was no simple cause for the increased violence, but added: "The threat of an economic recession, high unemployment, fears of redundancy, rising prices, diminished support from public funds—all these factors add to family tensions and to the risk of children coming to harm."

The society, which handled more than 50,000 cases last year in England, Wales and Northern Ireland, also drew attention to dangers of leaving children alone while parents went out to work.

A report said school holidays were a particularly difficult time and called for a concerted effort by local authorities and voluntary organisations to expand nursery facilities.

A separate report also published by the NSPCC showed special treatment units in centres had led to a sharp

decline in the number of children registered with serious injuries.

The report by Sue Creighton, states that in the units in Manchester, Leeds, Newcastle upon Tyne, Wellingborough, Northamptonshire, Coventry, Nottingham and Goldthorpe, South Yorkshire, the proportion of children registered with serious injuries had fallen from 39 per cent in 1974 to 14 per cent in 1976.

It added that most of the children had moderate injuries, such as bruising, and many were very young boys likely to weigh less than 5½ lb at birth.

Parents who ill-treated their children were often young and immature with large families and rather unstable marriages or cohabitations, the report said. Many of the parents were unemployed and those with jobs were usually in semi-skilled and unskilled manual occupations.

Dr Alan Gilmore, the director of the society, said the NSPCC's workload touched only the tip of the iceberg and some cases were reported only when a child had to be taken to hospital.

Referring to the "appalling difficulties" in Northern Ireland, the society said considerable strain was often placed on its officers.

NSPCC Annual Report, 1979 (25p) and Child Victims of Physical Abuse, by Sue Creighton, £2.25 (both available from 1 Riding Street, London, W1P 8AA).

Ministers to study plans for Ulster devolution

From Christopher Thomas Belfast

A number of firm proposals for the devolution of power to Northern Ireland will be studied this week by the official "Whitelaw group" of five Cabinet ministers.

The meeting has been arranged to examine the results of several weeks of intensive work by officials of the Northern Ireland Office in London on a narrow range of options for restoring government to Ulster.

There remains a firm expectation that a White Paper will be published in June, followed by a parliamentary debate. The timing of the imminent talks between Mrs Margaret Thatcher and Mr Charles Haughey, the Irish Prime Minister, is therefore significant.

They are to meet formally in London in the next few weeks. That was agreed during a 10-minute encounter between the two leaders in Luxembourg on Sunday. In line with an increasing tendency towards secrecy, official Dublin sources are under strict instructions not to answer journalists' questions about the meeting.

Mr Haughey is bound to emphasize to Mrs Thatcher that the Irish Republic should be involved in the dialogue on Ulster's political future; he made that point over lunch in Dublin recently with Mr Humphrey Atkins, Secretary of State for Northern Ireland.

Whitehall brief: Tea clubs that grew into £9m service Master caterer puts profit on menu

By Peter Hennessy

Place Mr Harry Guest, chief executive of the Civil Service Catering Organization (CSCO) in the middle of any English town and within minutes he will tell you which side it took in the Civil War. From a short step down the high street Mr Guest can divine from the restaurants and cafes whether the inhabitants cut for utility or pleasure. Invariably the ancestors of the utilitarians were for Parliament and the forebears of the Tories with Charles I.

The Civil Service has been analysed and criticized from every conceivable angle, but only Mr Guest can speak with authority on how the bureaucracy administers on its belly.

He has no near Roundhead-Cavalier theory about the solids and liquids passing through its collective alimentary canal, but he will tell you about the "raw onion hole" that stretches from Yorkshire, through Lancashire and down to South Wales where no Civil Service canteen is complete without a plateful of that most anti-social of vegetables.

The North-west is very strong, too, on pies, mince, mutton and pastry. In Blackpool we do a jolly good business in open sandwiches at the Department of National Savings. Whitehall likes good coffee, dishes with kidney, sweet and sour, a good curry, salads with a choice of dressing. In London the key appeal is fresh food that is not too bulky.

Civil Service catering has developed from the clerks' tea clubs of the 1870s into an organization serving 13 million main meals a year. CSCO directly handles a turnover of £9m and the departmental vol-



Mr Harry Guest: Concept of the light bite.

untary committees (successors of the tea clubs), which receive the organization's assistance on a consultancy basis, £10.5m.

Mr Guest, who retired at the end of June, joined CSCO on its foundation in 1972 with the amalgamation of the Civil Service Department Directorate of Catering and the Treasury Catering Advisory Service. Previously, he had been with Associated British Foods, where he developed the concept of the light bite.

He is proud of making CSCO pay within the level of subsidy allowed: 20 per cent of food turnover provided a gross profit of 45 per cent is achieved, with 1 per cent off the subsidy for each point gross profit falls

below target. He has progressively lowered the organization's cumulative loss since 1972 and says last year's profit of £500,000 was CSCO's contribution to the Government's expenditure cuts.

But Mr Guest is unique among the world's catering managers in that he can quote to unwritten documents, the British Constitution, as an alibi for failing to do even better because of Treasury cash limits.

Writing in the March issue of *Management Services in Government*, he claims: "We have now run up against a number of constraints inherent in the constitutional responsibility of departments to their ministers and of the Civil Service Department for its vote which... undoubtedly prevents us from achieving the best possible result in providing a service to our Civil Service customers."

Mr Guest is a great believer in market forces. Each week he lunches at least once in a restaurant, such as McDonald's, that might attract what he calls his "semi-captive audience". He has instructed, too, an information system that provides him with swift, reliable data on which items are selling well and which sagging.

From these consumption surveys he can learn that on a given day CSCO nationally will sell something like 5,000 plates of sausages and 17,300 portions of chips. Nature does imitate art. Civil servants do drink a veritable lake of tea daily, almost 20,000 cups in CSCO restaurants alone, apart from the torrent that pours down clerical throats in private offices and typing pools.

Call for anti-nuclear drive at Olympics

By Ian Bradley

British athletes should go to the Olympic Games in Moscow this summer to spread the message of European nuclear disarmament, Mr Wedgwood Benn, Labour MP for Bristol, South East, said yesterday.

He was speaking in the House of Commons at the launching of a campaign to free Europe from nuclear missiles and bases. The campaign, which was initiated by the Bertrand Russell Peace Foundation, was launched simultaneously in London, Oslo, Lisbon, Paris and Berlin.

Mr Benn said: "One of the best reasons for sending our athletes to Moscow is so they can take this campaign to the Russians."

"The real danger of nuclear weapons is that in the guise of defending people against a foreign threat, they place control of political action in the hands of domestic military establishments."

The resignation of Mr Cyrus Vance, the United States Secretary of State, was "one of the clearest indications that political chiefs are being replaced by military chiefs", he said.

Mr Benn made clear that the purpose of the movement was not merely to free Europe of nuclear weapons, but also to build a much closer dialogue between East and West and to establish contacts which had been broken recently in the atmosphere of cold war "stimulated by the media".

The movement's manifesto begins: "We are entering the most dangerous decade in human history. A third world

war is not merely possible, but increasingly likely."

It continues: "The remedy lies in our hands. We must act together to free the entire territory of Europe, from Poland to Portugal, from nuclear weapons, air and submarine, based and from all institutions engaged in research into or manufacture of nuclear weapons."

The manifesto asks the Soviet Union to halt production of the SS-20 medium-range missile and the United States not to implement its decision to develop cruise missiles and Pershing 2 missiles for deployment in West Europe. It urges the ratification of the Salt II agreement.

The manifesto has been signed by 64 MPs, 60 from the Labour Party, two from the Cymru, one Scottish nationalist and one Ulster Unionist.

Several leading trade unionists, churchmen, writers and academics have also signed. Mr E. P. Thompson, the historian and former director of the Centre for the Study of Social History at Warwick University, said that the campaign would be based on growing popular movements throughout Europe, which would gradually influence governments.

Support has also come from academics and politicians in Austria, Belgium, Czechoslovakia, Denmark, Finland, Greece, Holland, Hungary, Ireland, Italy, Spain and Sweden. The campaign will collect signatures until Hiroshima Day, on August 6, and it will culminate in a European disarmament conference.

Irishmen withdraw, page 10

BC to help find jobs for the young

Kenneth Gosling

C radio is to help this year's school-leavers to find in a campaign arranged by the Manpower Services Commission.

Geoffrey Holland, head of the commission's youth initiatives programme, said yesterday that the scheme would use programmes on radio 1, 2 and 4, with local support services. As a quarter of this summer's 750,000 leavers would be leaving school, he

re young people than ever before leaving school and going for jobs. "Unemployment is rising very quickly, and that has happened in the young people, particularly leavers, has been the most at risk," Mr Holland said.

Employment among 16 to 19-olds was running at 12 per cent. "It is important to get school-leavers working," he said, "because if we fail there is a serious social and economic consequences".

Without young people could not their independence; became dependent, apathetic and alienated.

danger this year was that they would not be recruited by improving their productivity and dealing with their circumstances by recruitment of young people.

Alan Rogers, head of BBC current affairs magazine, said the "Schools Special" would be the national radio project of the year.

The scheme works like this: have Lee Travis breakfast on Radio 1 will run 75 jobs, beginning next Tuesday and continuing for eight days; parents will be given information on Radio 4, starting this Thursday and a Day Call on May 6; Jimmy

will feature items on his 2 programme, and local radio will be involved.

School-leavers listening to the programme on Radio 1 at 7.40 am to 8.40 am will be invited to one of eight regional advice points set up by Manpower Services Commission. An appeal was made to employers to telephone on all regional days.

are will be special leaflets, job-bidding guide associated with the programme, and can be had from DLT, PO Box 101, London, E1

Lee Travis said yesterday: "We may be flippant on radio 1, but it is nice to know when we come up with as topics people sit up and notice."

In brief

'Too early' nude bathers fined

Six men who bathed in the nude at Brighton three days before the resort's naturist beach was opened were fined a total of £400 by Brighton magistrates yesterday. The men, on a coach outing from Harlow, Essex, said they did not realize they were breaking the law.

When police arrested them they pointed out that not only were they too early, but the official beach was also more than a mile away. The men, aged 17 to 21, admitted insulting behaviour.

Mother fell to death after son's birth

Mrs Susan Matthews, aged 30, of Harpenden, Hertfordshire, fell to her death from a fifth-floor window at the Queen Elizabeth II Hospital, Welwyn Garden City a few hours after she gave birth to a boy, an inquest at Hatfield was told yesterday. An open verdict was recorded.

Football violence fines

Eight Liverpool and Arsenal football supporters arrested in clashes before the FA Cup semi-final at Hillsborough, on April 12, were fined a total of £2,700 by Sheffield magistrates yesterday. Each was bound over to keep the peace in the sum of £200.

NIF man sentenced

Leonard Mason, aged 18, a National Front member, of St Thomas Way, Fulham, London, was sent to detention centre for six months by Corby magistrates, Northamptonshire, yesterday after admitting using threatening behaviour during a fight at the National Front rally at the weekend.

Judgment reserved

The Court of Appeal yesterday reserved judgment on the case in which Granada Television challenged a High Court order requiring it to reveal the source of a series of confidential British Steel Corporation documents used in a *World in Action* programme.

Libyan murder charge

A man was charged yesterday with the murder of Mr Mahmoud Abdul Nafa, the Libyan lawyer shot in Kensington, London, on Friday. The man, Mabrouk Ali Mohammed el Gidali, is to appear today at Horseferry Road Court.

Bail for baronet

Sir Rupert Mackeson was granted bail of £15,000 when he appeared at Bow Street Magistrates' Court, London, yesterday on three charges of fraud involving cheques.

Real farmers aim to erase stigma of cruelty

Hugh Clayton

Members yesterday began a campaign to persuade shoppers British veal production does not involve cruelty. They said a farm at Arrington, Bedfordshire, in which calves were allowed to move freely in pens on straw. They have joined the system in which calves are kept in tight individual pens on concrete slabs, a rigidly controlled light

the farm is owned by the group of companies, supplies almost all the veal sold in shops. Mr Paxman, managing director of Volac, said: "Veal production has a very nasty image. I have recognized that the market will never develop until the cruelty stigma is removed. I think we could be setting an example to European friends. We must have that no fewer than a million calves over the years have been leaved on the Continent."

Mr Paxman said that the farm would be open to inspection by animal welfare campaigners. "We have got a lot to show them," he added.

Volac calves are fed a mixture of starch and fat with a high proportion of heavily subsidised skim milk powder from the European Community's dairy surplus. Mr Paxman said the subsidy for recycling the dairy surplus was worth £300,000 a year to Volac. While it is the farm price of veal would be a fifth greater.

"This is an EEC subsidy that the consumer benefits from, unlike the subsidy on cheap butter exports to Russia," Mr Paxman said.

PC's fire rescue

Police Constable David Griffiths, aged 22, yesterday rescued four people from a blazing block of flats in Cromwell Street, Gloucester.

When a British car gets rave reviews in France, it's something to write home about.



specification, space and comfort.

With plenty of room for five adults, the French regard it as the perfect family car.

We regard it as a victory for British engineering.

"Notable progress has been made in fuel consumption..."

L'Action February 1980.

Indeed, when they tested the new Allegro 3, only one thing really seemed to upset them.

It wasn't French.

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Austin Morris with Supercar

IT PAYS TO BUY BRITISH

But the new Allegro 3 has done it in style.

Acclaimed by the French motor press as the best car in its class, it got top scores for fuel economy, high

"...the Allegro can be classed among the comfortable cars in its category."

L'Auto-Journal February 15th 1980.

"GOOD QUALITY AND SPECIFICATION FOR THE PRICE"

L'Action February 1980.

Fiercely proud of their own markets, breaking in with a British car is about as easy as storming the Bastille.

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ALLEGRO 3 RANGE PRICES START FROM £22,250. LOOK FOR YOUR NEAREST AUSTIN MORRIS DEALER IN THE YELLOW PAGES. INFORMATION ON BL CAR LEASING PACKAGES AVAILABLE FROM OUR FLEET SALES DEPT. ON 0527-4024 EXT. 415. FOR TAX FREE SALES CALL 01-472-0381.

OVERSEAS

Mugabe pledge of 'bold steps but no unconstitutional acts'

From Ruth Weiss Salisbury, April 28

It is hardly surprising that Mr Robert Mugabe, Prime Minister of Zimbabwe, feels he cannot take time off to attend the Organisation of African Unity (OAU) economic summit in Lagos, or go anywhere else for that matter other than to Zanu headquarters, the Cabinet room and his own office, near which a statue of Cecil Rhodes still stands.

"There are so many things that require my attention," he says in response to a query about going to Lagos. Indeed there are. As the new Prime Minister put it himself: "There must be changes and we will take bold steps, but nothing unconstitutional. I think there is lots of room left for action by government under the constitution."

The white power within the civil service structure, which is evident even to the most casual visitor, will not be allowed to inhibit change. Mr Mugabe is optimistic. He said to me: "The feeling I get is that quite a few of them realize that the past has been bad and they are looking for a new direction."

He realizes the delicacy with which he has to strike the balance, as he says himself, "between maintaining white confidence and also satisfying the aspirations which our people have."

The old Rhodesian civil service at the top was all white. In order to entice them to remain under a black government, that of Bishop Abel Muzorewa, Mr Mugabe introduced special golden handshakes for every extra year served. This rule still applies.

Since the Soames administration made no fundamental changes, and as the year of service ends in April, some 100 may shortly take whatever is due to them and leave.

It is impossible to guess how many will go. The wait-and-see attitude persists and a new note of amazement appreciation of the calibre of the new Cabinet is heard in ministerial corridors. "If only we knew it would be like this," sigh middle-aged white secretaries. Others concede that they had never voted for "Gond Old Smithy" anyway.

Indeed, in the present curfew Salisbury climate it is hard to explain how Mr Mugabe received 90 per cent of white votes in an 80 per cent turnout last February.

The civil service is only one problem. Another is the Army. A third is the persistent clashes between supporters of rival parties in the townships and rural areas.

With regard to the Army, Mr Mugabe explained that the process of building one Zimbabwe force from units of Zanu (Zanu's guerrillas), Zipra (Zanu's guerrillas) and the Rhodesian forces is going ahead.



Mr Mugabe: Much too busy just now to go to Lagos.

Coloureds receive limited support from blacks

From Nicholas Ashford Johannesburg, April 28

Coloured pupils at high and secondary schools in South Africa today received their first visible backing for their class boycott from black students when thousands of blacks staged a demonstration in the black township of Mamelodi, outside Pretoria.

The black students were also protesting over the detention yesterday of 32 black students who attempted to attend the unveiling ceremony of a tombstone to commemorate Mr Solomon Mahlangu, a former member of the banned African National Congress. Mr Mahlangu was executed last year for his part in an armed

attack on a Johannesburg warehouse in which two whites were killed.

However, despite today's protest, a little sign of more widespread black support for the Coloured students who today extended their boycott to a number of lower primary schools in the Johannesburg area. Observers here believe that unless the Coloured students receive more substantive black backing their boycott may soon start to crumble.

About 80,000 Coloured students from schools throughout South Africa are involved in the boycott which is in protest against the Government's failure to improve the educational system for Coloureds.

Sporadic rioting, curfews, impromptu roadblocks and postponed elections mark upsurge in tension

Militancy grows at all levels of Arab society in occupied West Bank

From Christopher Walker Ramallah, April 28

For much of today, the modern town hall in the centre of this occupied Arab town was surrounded by heavily armed Israeli soldiers manning a series of hastily constructed road blocks. Wielding heavy wooden riot sticks the troops firmly prevented all outsiders, including foreign journalists, from entering the building.

The purpose of the exercise was to prevent another violent clash between local Arabs, whose leaders remained entrenched on an upper floor, and Jewish extremists who had announced their intention of descending on the town in force. The settlers were seeking to secure the release of four Jews arrested last week

after the so-called "Night of the Hammers" when about 150 Arab vehicles had their windows smashed, and about 30 houses were similarly attacked. When the handful of settlers arrived, they were restrained by the Israeli soldiers. As bitter abuse was shouted between the Jews and a growing crowd of Arabs, Rabbi Meir Kahane, leader of the delegation, said: "What happened in Ramallah will happen again—they do not want us here, and we do not want them."

Later, after the right-wing Jews had left the town, the Palestinian flag was raised, defiantly over the town hall. As has become familiar practice in recent years, a sudden commercial strike was then called in protest, and the radical mayor, Mr Karim Khalef led a

march of supporters through the streets. The march was broken up by Israeli troops using clubs and teargas, and firing shots over the demonstrators' heads. Four of the Arab demonstrators were injured and several were arrested.

The incident was the latest sign of the deteriorating security situation on the occupied West Bank. Many moderate Israeli politicians now claim that tensions between Jews and Arabs here are as potentially explosive as at any time since the area was conquered from Jordan in the war in 1967.

In a strongly worded editorial headed "The curse of conquest" the respected Hebrew newspaper, *Ha'aretz*, gave a warning today: "The

situation in the West Bank is growing more serious, and one does not need an overactive imagination to express the fear that the latest developments in the area hint at the inception of civil rebellion."

The paper, which is noted for its independent views, went on: "The excuse for the recent deterioration was the Jewish settlers' riot in the streets of Ramallah. Its roots, to our deep regret, are much deeper."

The fatal flaw of rule by military occupation where repression leads to terror, and terror to greater repression. Having predicted that unless rapid action was taken, violence of the kind in Northern Ireland would break out in the editorial stated: "The reality, which we have not changed by means of words, settlements,

or legal reasoning—is that on the West Bank, and in the Gaza Strip, one nation is ruling another. The latter is a rule of repression and terror. The latest violence can be immediately traced back to an abortive incident last week when a party of Jewish settlers, on a bus carrying Jews to a settlement near Ramallah, ended the stoning of Israeli military and civilian vehicles by Palestinian children from the Jerusalem refugee camp in the same area."

Within 48 hours the Jewish settlers had received their own revenge with the casting of a stoned night, which resulted in a Palestinian property, a house, being set on fire. At least 20 Palestinian youths were injured, some seriously, and others, armed, and others, equipped with steel helmets. A similar

raid was launched in the West Bank, and in the Gaza Strip, one nation is ruling another. The latter is a rule of repression and terror. The latest violence can be immediately traced back to an abortive incident last week when a party of Jewish settlers, on a bus carrying Jews to a settlement near Ramallah, ended the stoning of Israeli military and civilian vehicles by Palestinian children from the Jerusalem refugee camp in the same area."

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A black pall of smoke hangs over Imam Khomeini Square in Tehran after a bomb exploded beneath a car.

Bombs kill at least four in Tehran day of terror

From Tony Alloway Tehran, April 28

Terrorist bombs claimed at least four lives in the heart of Tehran yesterday. No group has taken responsibility so far, but the fact there were three explosions within six hours, all in an area not half a mile across, suggests a well-planned operation by one group.

The first bomb exploded at about noon outside a cinema that had just finished showing old films. One cinematographer died and 10 others were injured. Another explosion occurred later at a chemist's shop near the bazaar, injuring one of the assistants inside. Officials said they were still investigating the cause, but there were reports that a woman was seen planning a bag inside the shop containing a bomb.

Soon afterwards at least three people were killed when a bomb exploded under a car in the central Imam Khomeini Square, a few hundred yards north of the chemist's shop.

Many more injured were carried away from the scene and Revolutionary Guards had to fire in the air to control onlookers. The explosion

destroyed about 20 cars and broke windows in shops nearby. The explosions seemed designed to spread insecurity among the city's four million inhabitants. It is difficult to remember a similar rash of explosions in the capital, or even a single bomb attack, even at the height of the revolution itself.

The bombs added to the confused atmosphere in the capital, that had just finished showing old films. One cinematographer died and 10 others were injured. Another explosion occurred later at a chemist's shop near the bazaar, injuring one of the assistants inside. Officials said they were still investigating the cause, but there were reports that a woman was seen planning a bag inside the shop containing a bomb.

President Abolmohsen Bani-Sadr said in a statement that Dr Kurt Waldheim, the United Nations Secretary-General, would be invited to send a delegation to Iran as a result of the American invasion. He said Islamic states, the EEC, Japan, trade unions, liberation movements and "other independent and committed parties" would also be invited to examine the evidence of American "aggression."

The Iranian President, acting on orders issued by Ayatollah Khomeini earlier in the day,

said Iran would press for an emergency meeting of the non-aligned countries.

Emphasizing that Iran would refuse to stand over the bodies of the Americans killed in the rescue mission to the American Government, the President indicated that they would be returned to relatives through the Red Cross, the Swiss Embassy and the Vatican.

Calling for world groups to be invited to Iran, Ayatollah Khomeini said they should be allowed to study the crimes of the American "cannibal regime" which he said was continuing to support President Carter in his call for sanctions, although he had given them no warning of Friday's mission. He also repeated his view that the United Nations was designed merely to ensure the dominance of the superpowers.

After yesterday's exhibition of the bodies of Americans killed in the rescue mission, local newspapers said today that they had been transferred to the Tehran coroner's office.

The Muslim students holding the group taken to the north-

western capital of Tabriz were being held in the former American consulate there. This led to speculation that other groups of hostages would be kept in the former American consulates in Isfahan and Shiraz, south of Tehran.

Explosion claim: An Iranian group calling for the overthrow of Ayatollah Khomeini's regime telephoned the Paris office of Mr Shapur Bakhtiar, the exiled former Prime Minister, to claim responsibility for one of the four bombs that exploded in Tehran. Named the "Black Group" Khomeinists, after a nationalist hero, the group said bomb attacks would continue until the "reactionary and clerical" Khomeini regime had been destroyed.—AP.

Archbishop's visit: Mr Hilary Capucelli, the Greek Catholic Archbishop, left Rome for his first visit to Iran today on what he described as a religious and humanitarian visit.

Mr Capucelli refused to confirm or deny Italian press reports that he was going to Tehran to take possession of the bodies of the American killed in the rescue attempt.—AP.

US hostages held against Islamic tradition

Ayatollah ignores the Koran

By Gabriel Ronay

America's hapless diplomats face a further 187 days of captivity in the hands of the Islamic students in Iran, according to centuries-old tradition. But at the end of a year of captivity they must be freed and sent home.

Since Ayatollah Khomeini rejects the accepted norms and ethical standards of the West and conspicuously ignores the collective opinion of the United Nations on hostage taking, the key to his (and his followers') actions must be sought in Iran's Islamic tradition. For Muslims in general are, as a rule, against imprisoning accredited envoys.

According to the Koran, "I do not break treaties nor do I make prisoners of envoys."

However, in certain circumstances the taking of hostages is necessary, according to Nizam al-Mulk, the eleventh century Persian Chief Minister, whose handbook for kings and governments had preempted Machiavelli's political guide for princes by three and a half centuries.

In his work, *Siyar al-Muluk*

(The Book of Government or Rules for Kings) written between 1085 and 1091, al-Mulk said the scope of hostage-taking to situations where the prevention of rebellion or secession by recently subdued peoples seems necessary.

But even they must be sent home after a year of captivity and released, if necessary, by new ones. Restriction of the physical freedom of hostages cannot be justified beyond this length of time, in the view of this prominent Islamic ideologue of Iran.

Through his varied experience as Chief Minister spanning three decades, al-Mulk realized that envoys are sent not merely to deliver a message but to spy secretly the lie of the land, the strength of the army, the morale of the country and its hidden points and objects in view.

This, in his opinion, is the accepted work of envoys, making nonsense of Ayatollah Khomeini's claim that the captive Americans must be tried as spies.

"Such a thing would be disgraceful, as God—to Him be glory and power—says in His Holy Book (the Koran 24:33): 'The messenger has only to deliver the message plainly.'"

Ayatollah Khomeini clearly does not agree with this, though Iran's other leading imam, the Ayatollah Shariatmadari has fully endorsed it and voiced his fear that the holding of the American hostages is against the teaching of the Koran and a blemish on Islam.

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Brzezinski sway in Washington worries Moscow

From Our Own Correspondent Moscow, April 28

The Soviet news agency Tass was quick to report the resignation of Mr Cyrus Vance, but confined itself to short, factual reports of the unofficial news and later of the White House announcement.

Mr Vance's resignation will certainly be used by the Russians as proof of their contention that President Carter's policies are becoming more and more "reckless" and are increasingly upsetting many thinking Americans.

But the Russians will be so eager to see Mr Vance go, he was regarded as a straightforward negotiator and an able statesman. He impressed the Russians with his determination to reach agreement on the long drawn-out SALT 2 treaty.

The main worry in Moscow is whether the influence of Dr Zbigniew Brzezinski on the Carter Administration will increase further as he is widely regarded as a bitter anti-Soviet hardliner.

Allies surprised: Mr Vance's resignation shocked the leaders of the European Community. But they noted that the taking of hostages by Iran was a violation of international law that opened the door to developments with serious consequences.

Lord Carrington, the Foreign Secretary, will not be accompanying the Queen on her visit to Switzerland today. Instead Mr Peter Blaker, Minister of State at the Foreign Office, will go in his place.

It is not certain either whether Lord Carrington will go to Washington as planned from May 2-6 because of the resignation of Mr Vance.

Iranian approval: Mr Vance's decision to resign was justified "in terms of his dignity and integrity," Mr Sadeq Oubzadeh, the Iranian foreign minister, said in Beirut.

Israeli sorrow: Mr Menachem Begin, the Israeli Prime Minister, expressed "deep sorrow" over the resignation, describing Mr Vance as a friend of Israel "who wanted to help our country."

Plan to form liberal bloc by splitting Likud

From Moshe Brillman Tel Aviv, April 28

The Democratic Movement's council, which is expected to meet this afternoon, will discuss the possibility of forming a liberal bloc by splitting the Likud party.

Public opinion polls showed that a liberal bloc would win 40 per cent of the vote in the next election, but it is not clear whether the bloc would be a coalition of the liberal bloc, or a coalition of the liberal bloc and the Labour party.

Speakers in a four-hour debate yesterday said they envisaged Mr Ben-Zion Weizman, the Defence Minister, as leader of the bloc, which would include the Liberal Party, the Labour Party and possibly right-wing elements of the Labour opposition.

The Democratic Movement's three ministers in the Cabinet and other speakers complained at the meeting that Mr Ben-Zion's Government was not fulfilling its promises.

They criticized the Government's failure to enact promised reforms and special laws because of obstruction by religious parties, and attacked the Government's failure to hold a general election and to give the Labour party a chance to form a government.

The Democratic Movement's council last night voted to a delegation to confer with Prime Minister and Government Ministers, assess the Government's performance, and report back to the council.

Yadin Deputy Prime Minister, pointed out that it was paradoxical the Democratic Movement was in Parliament but was not in the Government.

The meeting was held under the effect of the Democratic Movement's new policy of "openness" and "transparency."

The President's decision to leave Washington runs counter to his promise to remain in the White House until the hostages are freed. But White House officials argued that Mr Carter's appearance in Texas was not politically motivated. They said he was making no other public appearances in the state, which holds its primary for this year's presidential election on Saturday.

Meanwhile, the United States held its first official trip outside Washington since November to speak to the five injured survivors of last week's abortive mission to save the American hostages in Tehran.

Mr Carter was meeting the families at the Brooks Army Medical Centre near Houston, Texas. Four of them are suffering from burns and the fifth has a leg injury. They were wounded in the Iranian desert when a helicopter, loaded with a cargo of survivors, was shot down.

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President emerges to pay visit to mission survivors

From Our Own Correspondent Washington, April 28

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Cricket

SWITZERLAND

The Queen and Prince Philip begin a state visit today. The only other British monarch known to have visited Switzerland is Queen Victoria, who stayed privately in Lucerne in 1868

many fixed ideas have grown up about Switzerland that, to our shame, few of us bother to think, let alone investigate, what makes it tick, Geoffrey Weston writes.

It really is a country of many fixed ideas. The Swiss democratic process is that any Act of Parliament on any important issue may also be subjected to a popular referendum if proposed not only by the Federal Government, but also by a quorum of cantons or of private citizens.

People may be called on to vote on communal, cantonal or federal issues as varied as tipless bathing in Bern or controlling immigration.

A referendum often has a negative effect, enabling the people to reject proposals of the legislature. The Swiss have rejected Bills in a referendum on the initiative, or public petition. It is common to see people collecting signatures outside churches on a Sunday morning in order to propose their own legislation.

Exposing so many questions to a political vote, many of the ones that we take for granted as administrative chores, ironically breeds indifference. The electorate is called to the polls half-a-dozen times a year or more, and the turnout is often less than 50 per cent, sometimes less than 30 per cent.

By contrast the Federal Government works more like an administrative body since any important move it makes will be voted on by the people. As a result the life is sucked out of parliamentary politics. So stable are the voting patterns that the balance of power in the Council of States, one of the two houses of the Federal Parliament, the other being the National Council, which is elected by the people, is elected by the people.

Despite great respect for order, the Swiss are suspicious of central authority and show no inclination for political leadership. Few could tell you the name of the President of the Swiss Confederation, not to mention the name of the Federal Council, which is the executive body. The President of the Council is elected by the people, but the Council itself is elected by the people.

The system breeds politics by majority agreement since parliamentary opposition is largely irrelevant. Politicians tend to regard the electorate as the real opposition. Final decisions are the result of compromise or rather a compromise emerging from a series of compromises. Perhaps there are nowhere such painstaking safeguards for the political rights of individuals or the smallest minorities.

One politician remarked: "The system works, but it defies reason or analysis." Others point out the cracks that are appearing in it. More and more people are asking whether conservative Switzerland is adapting fast enough to the rapidly changing world around it.

on which, despite its wealth, it depends on heavily for economic survival.

An important issue under discussion is whether Switzerland should join the United Nations. For years it was felt that membership would compromise Switzerland's long-established neutrality. The experiences of Austria, Finland and Sweden suggest that it would not, and the Government is now finally in favour of applying on the ground that it is becoming increasingly difficult to explain why Switzerland is the only independent country to stay voluntarily outside the organization.

At the same time it is aware that a popular referendum at present would reject the idea, not for the original reason, but because the United Nations is seen as an ineffective, hypocritical body unworthy of the expense of joining, although opinions fluctuate according to the international situation of the day.

There are some popular misconceptions about the costs of membership but also fears that failure to join could ultimately prompt some of the international agencies based in Switzerland to move elsewhere. The Federal Government is in a quandary because, although the public needs more information, it tends to distrust the firm bureaucracy, and publicity could therefore be self-defeating. Meanwhile the Government has called for a fourth and final report on relations with the United Nations.

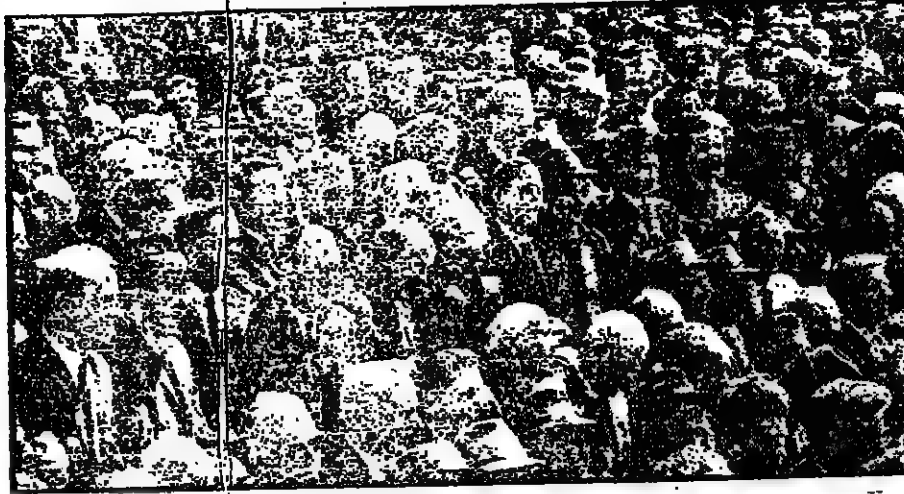
Armed neutrality: cornerstone of foreign policy

Neutrality has been the cornerstone of foreign policy since the sixteenth century and was formally recognized at the Congress of Vienna in 1815. Since the Second World War, Switzerland has seen itself increasingly as a kind of locking device between Nato and Warsaw Pact forces.

Because of the different linguistic groups (74 per cent German, 20 per cent French, 4 per cent Italian and 2 per cent Romansh), any alliance with an adjacent country could upset the carefully balanced agreement, which at the same time rules out any bold or adventurous departures.

Although no Swiss soldier has fired a shot in anger for centuries, all able-bodied men must carry out a period of military service each year. Defence policy is based on the assumption that although a major power could not be resisted, Swiss defence forces are sufficient to make any thought of invasion not worth the heavy price.

Military service, however, carries other implications. It is closely linked not only to neutrality but with the whole democratic system. There are few full-time soldiers, just as there are few



A humorous moment at the Landsgemeinde (open-air Parliament) in Stans, canton Nidwalden. The citizens of this tiny canton, bordering Lake Lucerne still cling to their ancient democratic right to speak and vote on all issues of their own assembly, a survival of the original four on which the confederation of Switzerland was based.

full-time politicians. Both were spearheaded by the Rastatt movement, a Swiss nationalist movement which claims to be a survival of the original four on which the confederation of Switzerland was based.

The separatist movement was spearheaded by the Rastatt movement, a Swiss nationalist movement which claims to be a survival of the original four on which the confederation of Switzerland was based.

While the spirit of compromise works at its best in industrial relations—a pact signed in 1937 largely ruled out strikes, but also banned blackleg labour, lockouts and non-recognition of union rights—it had little effect on the demagogic attitudes to foreign workers introduced by Mr James Schwarzenbach, an extreme right-wing politician, in the early 1970s.

An initiative organized by him in 1970 to reduce foreign workers by a third, and limit their proportion to 10 per cent in each canton, shook the country by just failing to gain a majority vote.

Mr Schwarzenbach was encouraged to form his own party, but a splinter group that tried to push through more extreme measures threatened some cantons with economic collapse was roundly rejected by popular vote in 1975.

The Government reacted cautiously, gradually reducing the number of work permits, but rejecting the rights of foreign workers leave much to be desired. Although the country is still dependent on them, it relies, even more on imported sources of energy, since it can supply only 20 per cent of its own needs. Two thirds of it is generated by hydroelectric schemes and the remainder from nuclear power. There are four nuclear power stations, but nuclear waste can be safely disposed of, existing law could force nuclear plants to close down. One local mayor needed police protection after exploding drillings for waste dumps were made in his community.

Jura: violence similar to that in Ulster

Since the Three Mile Island affair a much closer look has been taken at nuclear waste disposal, and the Federal Government is faced with the problem that unless it can be proved by 1985 that nuclear waste can be safely disposed of, existing law could force nuclear plants to close down. One local mayor needed police protection after exploding drillings for waste dumps were made in his community. Bombs have also been thrown in the Jura, which, after years of hostility towards Bern—of which it formed part—was made a separate canton in 1848. Violence has nevertheless continued on lines that are uncannily close to those in Northern Ireland. The southern Jura is predominantly Protestant and the north Roman Catholic. Both factions have sprouted paramilitary forces.

Anne Cendre, London correspondent of *La Tribune de Genève*, recalls links with Britain from the earliest times

A few weeks ago the Swiss Christianized parts of eastern Switzerland (as proved by the city of St Gallen), and many Britons were drawn to Switzerland during the early years of the Reformation, either to Zurich in order to meet Zwingli, or to Geneva because of Calvin.

Among them were John Knox and John Hooper, future Bishop of Gloucester, who said that Calvin's Académie de Genève was the "most perfect school of Christ that ever was on earth since the days of the Apostles".

The Swiss were pleased to oblige with any information religion as a major Swiss attraction. The beauty of the scenery was discovered by the philosophers and writers of the eighteenth century, and it can be said that Britons promoted tourism in Switzerland.

Byron and Shelley, visiting the Alps and writing enthusiastically about them, did as much to put Swiss mountains on the map as Edward Whymper did, some decades later, conquering the "Matterhorn", or Sir Henry Lunn founding the Alpine Club.

The star of Byron and his friends increased the anglophilia of Genevans, mocked by Voltaire who said that they imitated England as the frog imitates the bull. But Napoleon found Geneva "the most English town in the Continent", and according to Stendhal "the character of the Genevans is like that of the English whatever their may be."

Anyway, the place proved an inspiration to the English. Mary Shelley, on the grounds of his house) in the thirteenth century, whose creator, Frankenstein, was a citizen of Geneva. In Lausanne, Gibbon conceived the greater part of his *Decline and Fall of the Roman Empire* while courting Suzanne Curchod (Mme de Staël's mother), and Dickens wrote *Domby and Son* during a day in Switzerland. Turner painted many impressive and delicate landscapes there.

The English came to enjoy the Swiss climate and atmosphere, and it is not surprising that the oldest Church of England building on the Continent, built in 1683, is in Geneva.

If the English made Switzerland famous, England made many Swiss famous. They took advantage of the opportunities offered in a large country. Scholars and painters settled in London: Fuseli, Angelica Kauffman, Agassiz, and Moser, who drafted the constitution of the Royal Academy and was its first keeper. Two Swiss bankers became governors of the Bank of England (and recently the son of a British immigrant has been a vice-governor of the Swiss National Bank). While Swiss have created successful enterprises in Britain (Ritz hotels, Mame Tussaud's museum, Renault's cycles, Schweppes's soft drinks, and, in this century, Mr de Vigny's Acrov), Britons have done the same in Switzerland (Brown, founder of the largest engineering company, Brown Boveri, and, on a different level, Sir Arnold Lunn, father of alpine skiing competition).

Trade between the two countries is important. Britain is the fourth biggest exporter to Switzerland (7.7 per cent of its exports in 1979) and Switzerland is the fifth supplier to the United Kingdom (5.3 per cent of British imports).

Religious ties have been significant. Irish monks, the greater part of his Dec-

continued on next page

THE LONGINES STYLE

Time for the Queen

The time for the Queen to get to know us first-hand is today: the beginning of her four-day state visit to Switzerland.

Challenge to history. It is a highly improbable land she will be visiting; its very existence a challenge to history and common sense.

Consider: a country about half the size of Scotland, virtually devoid of natural resources, over 70% of it covered with forests, alpine pasture, rock, snow and ice; a population of six million speaking three main languages plus a number of dialects.

Neither poverty nor strife. It reads like a prescription for poverty and strife, yet the Switzerland which today welcomes your Queen is very much a going concern.

One reason is that we are tolerant of each other's language, religion, customs and foibles. Rather than conquer and convert, we are inclined to live and let live.

Democracy and decentralisation. Then there are our peculiar political institutions. They are essentially democratic, like yours, but our variety thrives best at the local and provincial (or cantonal, as we say) levels. The Swiss have always been slow to hand over their central government, preferring to keep it close to home, where they can keep an eye on it.

Ideas and hard work. Paradoxically we owe our prosperity to the rather hostile environment we inhabit for it obliged our ancestors to put a premium on ingenuity and hard work.

Those beautiful but barren Alps are today producing income because around them was built a thriving tourist business. Across the country, in the Jura mountains on our western frontier, workshops in isolated farms have metamorphosed into the world's foremost watch industry.

Wafer-thin watches. We are a little wistful that we won't be welcoming the Queen here at St. Imier in the Jura mountains. Horses and cows still graze outside the Longines factory, but inside, advanced electronics and Swiss craftsmanship combine to produce quartz watches so slim that some of them measure a wafer-thin 1.5 millimetres overall.

Unique blend. This unique blend of sophisticated technology and old-fashioned craftsmanship in a bucolic mountain setting is a relevant part of today's Switzerland. And of tomorrow's. Those slim, perfectly silent quartz watches are relevant to an understanding of what makes Switzerland tick.

LONGINES

World's Most Honoured Watch



The Swiss greatly appreciate the fact that the British discovered Switzerland as an ideal holiday country over a hundred years ago. Sir Leslie Stephen christening it affectionately "The Playground of Europe". May we wish Her Majesty Queen Elizabeth II a very enjoyable stay in our country.

Swiss National Tourist Office, Zurich and London

SWITZERLAND

There are lessons to be learnt from the Swiss approaches to law and order.

examined by Francis M. S. Peel,

and to military service and civil defence, according to John Myers.

Money piles are inviolate

It was the end of a skiing weekend. We were ready to leave but the shop where we had rented skis and boots was closed. What should we do? Leave the skis and boots at the hotel? Send them back by post from Geneva? "No," said the owner of the shop, "I'll leave the skis and boots in the street in front of the shop and I'll pick them up in the morning."

While the Swiss, like almost everybody else, think that the world is steadily becoming a darker and more dangerous place, every opinion poll shows that they are far more satisfied with their lives, their surroundings and their material conditions than are people almost anywhere else. Doors are left unlocked. Women walk the streets at night without fear, and hardly anyone is afraid of violence to himself or to his property.

The Swiss are entitled to be smug. By any standard measure, Switzerland should have a high and swiftly rising crime rate. It is a highly developed country. It is an affluent country. The average annual income in 1978 of \$11,606 placing it at the top of the list of countries of any size.

It is an industrialized country which lives by turning cheap raw material into expensive finished products, whether it be watches, clothing or chocolate and

cheese. It also lives from tourism and banking—activities which need stability, confidence and low crime rates to flourish. It is an urbanized country, travel posters to the contrary notwithstanding. Three quarters of the 6,300,000 inhabitants live in the quarter of the country that is the central plateau running from Geneva north-east through Lausanne and Bern to Basle, Lucerne and Zurich, a small area a tenth of the size of England.

Firearms are readily available for every adult male Swiss must keep his at home in operating condition so as to be ready for rapid mobilization. The Swiss criminal justice system is not repressive or harsh. Most crimes do not result in arrests, and sentences are light even for serious crimes—except murder. Suspended sentences are general and sentences are generally commuted.

In Geneva's main prison 60 per cent of the prisoners stay for less than 10 days, and only 25 per cent are serving sentences. The rest are being held for trial, sometimes for long periods because of the slowness of the "instruction" procedure under which a magistrate determines whether a prisoner should be brought to trial. Bernard Cornfeld of Geneva's Overseas Services spent 11 months waiting for trial, and a less illustrious prisoner was recently found innocent after 21 months of preventive detention.

The size of the Swiss police force is small by the standards of other countries. No national figures are

available because of cantonal suspicions of the use to which the information might be put by the central Government. The national total is about 10,000, and consists of local and cantonal police except for a few dozen federal plainclothes police who are limited to a coordinating function.

Twice in this decade the voters have rejected proposals from the central Government to establish a federal security force against terrorism, even though the federal force would consist only of units or the cantonal police who would don federal uniforms and come under federal control only in limited emergencies.

The Swiss handle money in a manner which would be an open incitement to crime anywhere else. Large amounts are carried to and from what are often small towns and isolated post offices being put into or taken out of the efficient system of postal payments which is preferred by most people to payment by cheque. Shops, banks and railway stations often have large piles of large notes in full public view without incurring crime.

And what happens in this society that should have a high and rising crime rate? During the 1960s, crime rose by a negligible 3 per cent, while in percentage terms it was 86 in France, 52 in Denmark, 61 in The Netherlands, 55 in England and Wales, 34 in Scotland, 30 in West Germany, Italy and Finland, 29 in Norway, 21 in Austria and Sweden, and 11 in Luxembourg. From 1974 to 1979 convictions stayed stable at 51,000 a

year for the country. Women committed 10 per cent of crimes, 15 to 17 year-olds 3 per cent, and 18 to 24-year-olds 36 per cent.

Foreigners made up 13 per cent of the population, but committed 24 per cent of the crimes, according to figures that are "disputed" because of the ambivalent attitude of the Swiss to the foreign worker. In 1973, 33 murders were committed, there were 457 cases of manslaughter, mostly on the road, 10 criminal abortions, and 1,339 criminal assaults. Car thefts in 1973 were about 70 per 100,000 population, compared with 100 for Sweden and being 835 and for the United States 423.

In 1972 Zurich had 67 robberies. The rate in Denver, Colorado, was 39 times as great, and in Stockholm four times as great. All three cities are about the same size.

Prostitution is generally legal, although solicitation and procuring are not. The canton of Geneva, with a population of 330,000 and more than 2,000,000 overnight visits by tourists, delegates and businessmen, has 500 prostitutes all of whom are Swiss. The male prostitute has not yet arrived, although there are homosexual bars in the largest cities that do not create any law or order problems.

There are lessons to be learnt for all societies in the way the Swiss have managed to organize their island of tranquillity in a world becoming more dangerous for all.

In Switzerland, urban growth has been slow, cities are not large and have no slums. In contrast to Sweden, Switzerland has maintained a high degree of political decentralization, with a distant Federal Government being given very limited powers, while the cantonal and cantonal government close at hand deal with most things and thereby give the individual a greater sense of responsibility and participation. Sweden's central Government is highly developed and all-pervasive, while the Swiss system is oriented to individual, family and local responsibility. No distant experts set policy and rules in Switzerland, as they do in Sweden. Swedish offenders tend to be older than in other countries and offences by young people are increasing at a much slower rate. This is in part at least the result of more contact and better communications between generations, and less alienation from society, through compulsory military service which periodically brings in a close contact all males from 20 to 55, and through extensive sports and social facilities.

Francis M. S. Peel is professor and legal adviser of Webster College, Missouri, and a member of the New York Bar practising in Geneva.

A twentieth-century nation of William Tells

National defence is deeply interwoven with the whole fabric of life in Switzerland, where the citizen-soldier personifies the policy of armed neutrality in peace and war. It is the strongest thread binding together this heterogeneous confederation of 26 cantons under the central Government in Bern.

The bond dates back to the legendary William Tell and the pact of 1291, whereby the men of Uri, Schwyz and Unterwalden swore a perpetual alliance against foreign invasion and thus formed the kernel of the present state.

The right to vote became linked to the duty of bearing arms in defence of the confederation, and this still holds good for the citizen-soldier of today. At the age of 20, every Swiss receives the suffrage and the men are enrolled for compulsory military service.

For all found physically fit this is the start of annual military duties until demobilization at the age of 50. After an exacting four-month recruit school, they will be incorporated into a regiment and called up for eight three-week training courses in the next 11 years.

Thereafter the number of courses diminishes and finally gives way to periodic target practice and inspections. Those unfit or unable to take part must pay an exemption tax.

Every citizen-soldier keeps his assault rifle and personal equipment at home. There is no professional standing army other than a few hundred senior commanders, staff and training officers, and maintenance troops. Colonel is the highest rank in peacetime, while Parliament elects a single general as

commander-in-chief in war. Under this militia system, well over half a million men can be mobilized by radio, arranged in units at pre-arranged positions and combat ready within 48 hours or less.

It can hardly be said, especially in French-speaking parts of the country, that there is general patriotic enthusiasm for military service among the younger generation. The vast majority simply put up with it, grumbling incessantly, but nevertheless delighted to recount their experiences and to meet their old comrades-in-arms once a year.

The army mingles people in an extraordinary way. A bank manager, for instance, who has chosen not to rise above the rank of private soldier, may well find himself under the command of one of his own clerks who has done extra training to become an officer.

No opprobrium is attached to avoiding promotion, and many take pride in remaining simple soldiers despite their obvious leadership qualities. Others find that the time spent in gaining promotion to high rank helps them in their civilian careers.

The citizen-army stood to the frontiers in both world wars and manned the formidable alpine redoubts which the country's natural fortress. Its posture was sufficient to deter the Germans from launching a doubtful assault when too few divisions could be spared from other fronts. The hope is that this would also prove true for the Russians if ever they attacked Western Europe.

The Swiss armaments industry has never succeeded in making tanks or fighter

aircraft competitive with those bought from Britain, France, and the United States. But it produces much other equipment, such as submarines, tanks, and also exports.

Though in need of more modern weapons, the army is now held to be adequately equipped to try to repel an attack on the frontiers instead of making an immediate lightning retreat to the redoubts, extending throughout the alpine massif. The redoubts too have become a labyrinth of gun positions, barracks, aircraft hangars and storage depots cut into the rock as immune as anything could be to nuclear attacks.

The civilian population, if not immune, is also uniquely protected against nuclear gas or other attack. For the past 20 years, it has been obligatory to construct a solid shelter beneath every new building. Community shelters and underground hospitals have also been built, so that about nine Swiss out of 10 are now assured of protection.

Thousands of men and women have been trained in civil defence and disaster relief work. Big stocks of food, fuel and raw materials have been accumulated. Every household is reminded periodically to keep a store of basic provisions in case of crisis.

All this has been going on quietly, almost unnoticed. Even the Swiss themselves seemed hardly aware of how much had been accomplished under the half-forgetful laws of a generation ago until the Soviet invasion of Afghanistan shattered complacency everywhere.

Since then, Swiss civil defence has shot into the news as the envy of the world. The authorities have

been inundated with requests for information. But there is no quick remedy for lack of foresight.

Other countries, however, might do well to imitate a Swiss total defence exercise which happened to coincide with the occupation of Afghanistan last January. For five days and nights, about 3,000 people took part in a gruelling war game designed to test the Government, the military high command and the civil authorities in handling emergency situations.

Members of Parliament acted as government ministers, while other participants played their real roles in public life. They were confronted with a succession of hypothetical crises, some stemming from the West as well as the East.

The scenario was meant to remain secret. But a major part of it came into the possession of a Communist newspaper, and outraged left-wing circles. As the Russians advance, a "Swiss popular republic" was proclaimed by a committee based near Lucerne. Left-wing army officers and political militants, from which some Socialist Party members had conspired against the state.

The acting government banned the same but active Communist Party and other extremist groups suspected of treason. Resolutely mentioned during the exercise, but quite a few left-wingers must have got the message as their parties denounced these "slandereuse accusations" against them.

If it came to the real thing the real Government would slip them in jail long before they could get to work as a fifth column.

Links with Britain

continued from previous page

The trade balance usually has been favourable to Britain (3,755m francs worth of imports by Switzerland and 3,091m francs imported by Britain in 1979). But one must take into account the considerable diamond trade (about a third of the total which distorts the picture). If one discards the diamond figures, Switzerland has a slight advantage in selling its goods to the United Kingdom (2,077m francs imported by Switzerland and 2,396m francs by Britain), an advantage which has been increasing in the past few years.

Britain gets from Switzerland more than 1,000m francs worth of goods from the metal industry. Watches enter into this category. Although the number of Swiss watches sold in Britain has almost halved in the past five years, their value (155m francs) has remained almost the same because it is the cheaper part of the market which has fallen.

Chemicals are as big an

export for Switzerland as they are for Britain, which also exports to Switzerland machinery, textiles, metal goods, motor vehicles.

In 1978 the antiquities imported to Britain amounted to 124m francs, mainly because of a few big Swiss art collections (von Hirsch, Ortiz) sold at auction rooms in London. But some of it has been reexported, notably to Switzerland where the value of antiquities imported from Britain came to 58m francs.

Big Swiss companies have opened plants and offices in Britain: the three large banks, the chemical industry (Roche, Ciba, Sandoz), Nestlé, Lindt-Sprüngli, Oerlikon-Bührle, Schindler, Bühler, Landis & Gyr, Brown Boveri, Bally, among others. There are about 100 firms with assets totalling 1500m, employing 50,000 people.

Britain too has invested in Switzerland where it wholly or partly controls about 360 companies. The big banks are there, as are the petrol and chemical companies, Decca, Rank, Norel, Dunlop, EMI, Imperial Tobacco, Lucas, Unilever, Glaxo, Plessey.

Marks & Spencer, and Fortnum & Mason.

British tourism in Switzerland, which was boosted by a private visit of Queen Victoria to Lucerne, (with the result that there are numerous Victoria hotels all over Switzerland), has diminished along with the slump in pound. From a record three million night visits in 1911, it fell to a third of that in 1979. It seems to be picking up again. On the other hand 325,000 Swiss visited Britain in 1979. Their number increases each year.

Some of them come and stay. The Swiss colony in Britain has about 25,000 residents, more than half of them in London, while there are 14,000 Britons living in Switzerland. And if the Swiss feel homesick the London they can always go to the Swiss Centre in Leicester Square.

Political relations between the two sovereign states have always been good except during the Boer War when the Swiss tended to favour the Dutch. Britain has helped Switzerland to keep its neutrality ever

since the Congress of Vienna.

When Stalin urged Churchill in 1944 to attack Germany by surprise from the Swiss territory, the Prime Minister stood by Switzerland—the only decent neutrals in the world," he said. "She has been a democratic State standing for freedom in self-defence among her mountains and in thought in spite of race, largely on our side."

Such a tribute coming from the great British statesman shows the community of spirit which links the United Kingdom and Switzerland.

After the war Churchill was invited to speak in Zurich where he made his famous appeal in favour of a united states of Europe. In the event both Britain and Switzerland joined the European Free Trade Area instead. Now that Britain has joined the EEC, which Switzerland has a bilateral agreement, they might seem to have somewhat drifted apart. Queen Elizabeth's official visit—the first of a British sovereign—will bear witness to the contrary.

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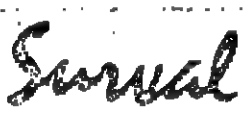
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Sotheby's in Switzerland

Sotheby's started holding regular auction sales of jewellery and other works of art in Switzerland on 28th April, 1970. Since that date property totalling Sfr. 263,000,000 has been sold.

Our last sale was held in St. Moritz in February when jewels realised over Sfr. 14m (\$8.6m.), the highest total ever at a St. Moritz sale. A new record for any single stone at auction was established when a diamond (see illustration) was sold for \$1,212,000 (the value of important gems is always quoted in dollars).



actual size

Forthcoming sales in Zurich
Tuesday 6th May at 14.00 hours
GOLD BOXES AND OBJECTS OF VERTU
and at 16.30 hours
PORTRAIT MINIATURES
Wednesday 7th May at 10.00 hours
EUROPEAN SILVER
and at 14.00 hours
FABERGÉ AND RUSSIAN WORKS OF ART
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Was the recent decline of the Swiss franc a passing phenomenon?

Jean-Christian Lambelet analyses the state of the economy,

and Peter Norman examines the strength of the banking system

Inflation rate imported

Switzerland's economy is in a good shape. The country's manufacturing production capacity is being used more than has ever been the case since the 1974-75 slump, and new orders are flowing in at a rapid pace in most industries.

Conditions are generally favourable in services too, even the tourist industry is doing nicely as a whole and then falling Swiss franc, combined with a comparatively low rate of inflation, has made Switzerland attractive again for foreign tourists.

As to agriculture, which is what is probably one of the highest degrees of security in the West, the farmers may have the problem of their incomes keeping up with the cost of the economy, but they surely do not have a problem of insufficient production.

The unemployment rate is present 0.3 per cent, down from a peak of about 1.5 per cent after the 1974-75 recession. For all practical purposes, the country is enjoying full employment.

fact, there are labour shortages in certain regions for some forms of skilled labour. It may be the main reason why employment has not risen higher in recent years has to do with the flow of foreign (mostly Italian and Spanish) immigrant labour after 1974, which shrank the labour force by about 6 per cent.

But this explanation, which one frequently hears, is open to question: all foreign workers had to be in Switzerland, domestic demand would be even higher, and consequently production and employment too.

It is not bright, however, that there is inflation: consumer prices are rising at a rate of 4 to 5 per cent a

year. Compared with the level reached by inflation in some other countries, that may seem low enough. It is, however, rather too much for the Swiss burghers who seem even more sensitive to inflation than their German counterparts.

Coming after a prolonged period of well-nigh complete price stability—prices hardly increased by 1 per cent a year between 1970 and last year—this sudden spurt in the rate of inflation should, in the view of the Swiss authorities, be brought rapidly under control.

The reason for this inflationary bout has to do mainly with the value of the Swiss franc on the exchange markets. In the second half of 1978, Switzerland's currency had gone through a phase of extraordinary appreciation (25 per cent at one point), which was brought under control only after the Federal Reserve, the Swiss National Bank and the Swiss National Bank agreed to restore some order to the exchange markets.

As a result, the Swiss franc retreated from the dizzying heights it had reached in the autumn of 1978, and it remained almost stable through most of 1979, only to start depreciating recently and somewhat unexpectedly not only against the dollar but also against the German mark.

As a world inflation remained high and then accelerated considerably throughout the entire period, a stable and then falling franc meant that the prices of imported goods and services went up a good deal. An important factor in the inflation rate in Switzerland is mostly an imported phenomenon as domestic production costs

have, so far, remained rather moderate.

According to the conventional view, the franc has gone down because the very high level reached by the interest rates in the United States and on the Eurodollar market have brought about a large outflow of capital into dollar-denominated assets. As a result, Swiss interest rates have increased in sympathy, if not to the same extent.

Since most Swiss families live in rented apartments located in houses that are heavily mortgaged, and since any increase in the mortgage rate is supposed to be passed on to the tenants, rising interest rates in Switzerland reinforce the inflationary danger—least in the short term; that is, before they start chipping off investment.

The recent depreciation of the franc has had still other unwelcome consequences. In the short term the physical volume of exports and imports does not react much to price changes. With a depreciating franc, Switzerland has consequently had to pay more for its imports while its exports brought in less.

As a result, the trade balance has shown a deficit for the first quarter of the present year which reached almost 10,000m francs when extrapolated to the whole year. (It is difficult to know exactly how much the deficit was as some speculative capital movements were apparently channelled through precious gems, antiques and other goods which therefore can no longer be regarded as part of regular foreign trade.)

Traditionally, Switzerland has always tended to run a trade deficit which was made good thanks to services and the income of Swiss-owned assets held abroad. But still, a deficit of this order of magnitude is somewhat worrisome.

What if all amounts to is that a resumption of the Swiss franc's tendency to appreciate is the Swiss authorities' fervent wish and declared policy goal. With the franc appreciating again, according to inflation rate differentials in the long run but somewhat more in the short run, domestic inflation would be quickly suppressed even in the face of increasing energy prices; interest rates would presumably come down before they had much of a chance to affect investment negatively; the trade balance would again right itself to an extent; and the Swiss National Bank could concentrate again on supplying the economy with an amount of liquidity large enough for normal business expansion, yet small enough to contain inflation.

What, then, are the chances that the Swiss franc will again become one of the strongest among strong currencies? In the view of many Swiss, myself included, they are quite good and the recent decline of the franc was probably no more than an ephemeral

thing. Should this view prove to be correct, one would then expect the Swiss economy to go on performing rather well, at least until the fall of this year. That is, production and employment should remain high while inflation would come down.

For the end of the year and for 1981, the picture is more cloudy. The United States economy finally appears to be plunging into recession, the main question being whether the slump will be shallower or deeper than in 1974-75. If it should turn out to be at least as deep as many believe (and so do I), the recessionary tendencies would be likely to spread more or less quickly to the rest of the industrial world; and it would be too much to expect that the Swiss economy would remain completely unaffected.

Jean-Christian Lambelet is professor of economics and director, Centre de Recherches Economiques Appliquées, University of Lausanne.



Pressure to strip bank secrecy

All normal business criticism of Switzerland's banks should be happy with their

banks have: just the reporting on the business year and the all picture has been one of increased earnings arising from a healthy growth of assets. In general, the banks prospered from last year's revival of economic life in Switzerland with Big Three Zurich-based banks announcing record profits and the expectation of another good year, in

the world looks a different from the quarters buildings of large Swiss banks clustered around Zurich's Bahnhofstrasse.

Bankers admit that Switzerland is losing ground in size in relation to international financial centres, although this is no thing so far as the 4 represents a practice for quality business, or than the pursuit of their own sake.

They are increasingly concerned about the deterioration of the international financial climate after last year's doubling of oil prices, attendant growth of the dollar problem and the unsolved crises in Iran and Afghanistan.

They have worries are much nearer at hand. The Swiss Government is studying proposals to ease the tax paid by the effort extending to the body's surprise, the new tax to cover retail transactions at the end of this year. The Social Democrat

member of the ruling coalition is also organising a initiative to hold a referendum on proposals to away some of the securities that surrounds the operations.

While Switzerland might appear to the outsiders one of the last bastions of traditional capitalism, the twin threat of higher taxes on bank operations and a referendum on banking secrecy illustrates the way in which internal pressures on the financial centre have grown in recent years.

The latter years of the 1970s witnessed a considerable erosion in the influence and power of the Swiss banks as the authorities had to act to neutralise the effects of speculative capital inflows into the franc and clear up the mess caused by the banking scandal that erupted at the Chiasso branch of the Credit Suisse in 1977.

The struggle to keep speculative money out of Switzerland led to a battery of controls being imposed on banking activity inside the confederation. The scandal at Chiasso made a public issue of Switzerland's role as a haven for fugitive capital.

The Social Democrats, in particular, argued that the financial centre had grown too large for Switzerland's own good, and that the country would have to choose whether it would be a place for finance or a place for work.

In return, the banking industry has said that it contributes an excessive amount to the state in tax, that it gives direct employment to nearly 3 per cent of the population, and assumes an importance in terms of the overall economy that is equivalent to that of the motor industry.

The Credit Suisse affair cost the Swiss Government about 1,200m francs because clients' funds were handled improperly by the bank's employees. The money was almost entirely capital flee-

ing from the grasp of the local tax authorities. This aspect of the case led to the Swiss Bankers' Federation and the Swiss National Bank agreeing on a code of conduct designed to ensure that the country could not function as a haven for illegal capital.

As a result of the code, it should be impossible for anyone to open a bank account in Switzerland without the bank knowing the client's true identity while the banks have pledged that the country's banking secrecy rules will not be abused to help people to evade foreign capital controls and tax legislation.

Although the code has meant that banking secrecy in Switzerland is far less watertight than in some other European countries, such as Austria, it still does not go far enough for the Social Democrats.

They would like to see the banks being obliged to give information to revenue authorities for the purpose of tax assessment and where evasion is suspected, the Swiss authorities want to give legal assistance to other countries seeking information to do with criminal proceedings and tax and currency offences.

The banking industry's reaction has been nervous in the extreme. It fears that any plans to tax bank services—on the pattern of the extension of turnover tax to retail gold transactions—will force business abroad.

Moreover, while most bankers say they are confident that the Swiss electorate would oppose any relaxation of banking secrecy rules in a referendum, they fear that the mere existence of the issue will detract from Switzerland's attractions as a financial centre.

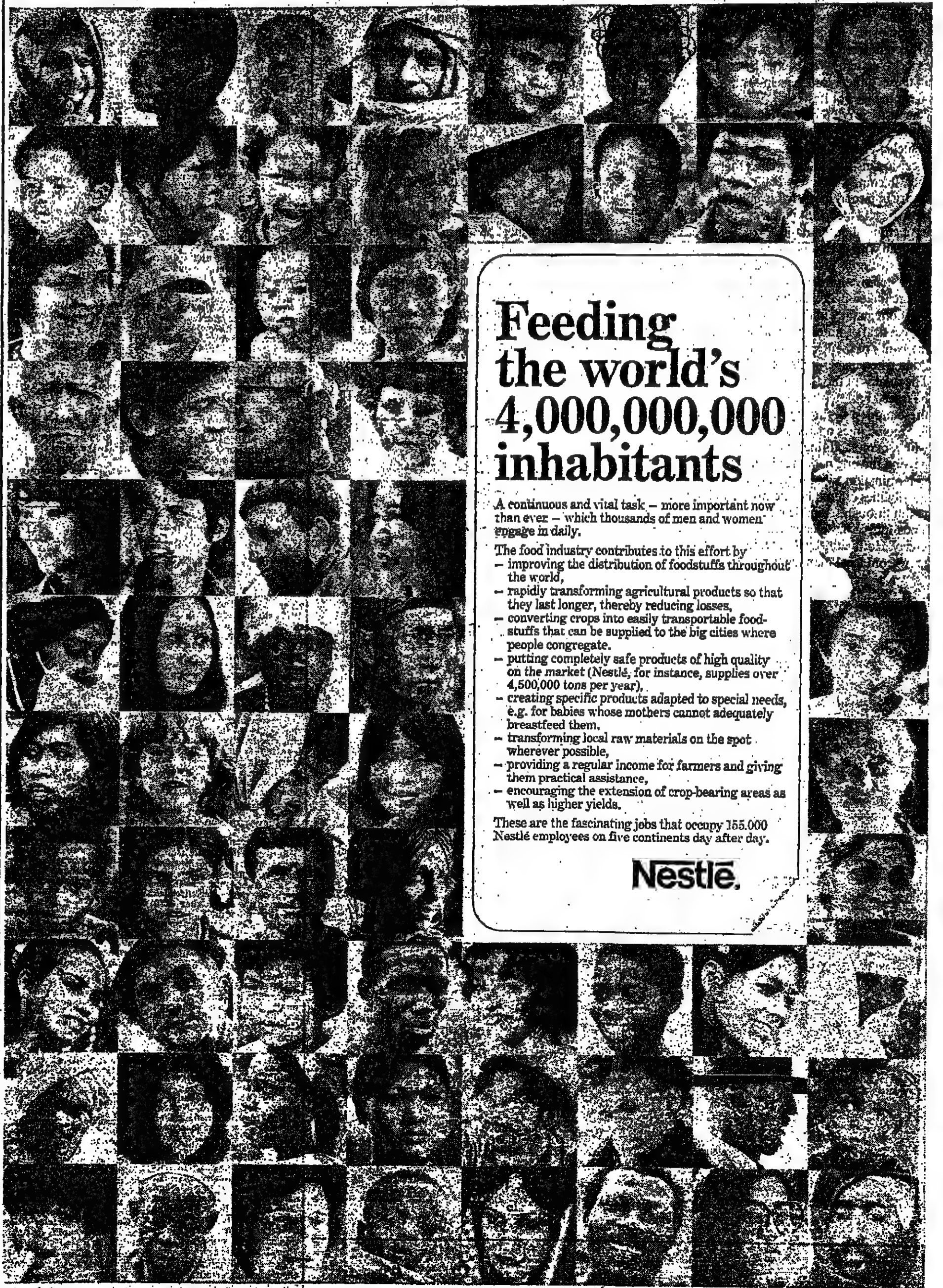
Switzerland is a small neutral country in which banks can normally avoid pressure to participate in boycotts or economic sanctions. The country has a multi-lingual tradition that now includes English as well as the four official Swiss languages.

The one positive aspect of the Chiasso affair was that it illustrated the enormous financial strength of the Swiss banks. The Credit Suisse was able to cover its massive loss by drawing entirely on hidden reserves.

It is still too early to judge whether the problems that have arisen for the Swiss banking industry in recent years will damage its potential and performance in the future.

But Swiss bankers are more aware than ever of the intensity of competition from other financial centres including London, the potential of which has been greatly enhanced by the British Government's abolishing exchange controls.

Peter Norman is European Economics Correspondent.



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Basle- Chemistry, But Not Only Chemistry

Basle is generally considered The Town of Chemistry – and thus an industrial town par excellence. Even in a strictly economic sense this applies only to a certain extent, however. If we think of Basle as a polis – a political and social entity – it is still clear, even today, that the town owes its existence to an advantageous position at the intersection of several different cultures. Traffic, along with commerce, banking and insurance, as well as a rich cultural life fostered by the university – all these, quite as much as industry, have helped to shape the face of Basle.

Chemistry is not the only industry in Basle, of course. Beside the graphic-arts trade, the main branches are textiles, metallurgy, machinery, and precision instruments as well as foodstuffs. Yet they all come a long way behind the chemical industry in importance, so it is quite natural to ask why so great a concentration of chemistry should have come about in Basle.

It began with dyestuffs for fabrics. The many different textile mills in and around the town doubtless had a decisive influence here. Textiles and chemistry are linked by textile finishing, which formerly was done mainly in the dyehouse. Since it required a great deal of water, dyeworks were set up along the banks of the Rhine, the Wiese and St. Alban's Pond where paper-mills were already established. The origins of the Basle chemical industry can be traced back to these users of dyes. That from these modest beginnings there should have grown four companies operating on a world-wide scale with a manufacturing programme extending far beyond the original range is the result of human determination, systematic exploration of the many possibilities offered by chemistry, and their exploitation through scientific research.

The four big Basle chemical companies – Ciba-Geigy, Hoffmann-La Roche, Lonza and Sandoz – grew from local manufacturing and trading firms

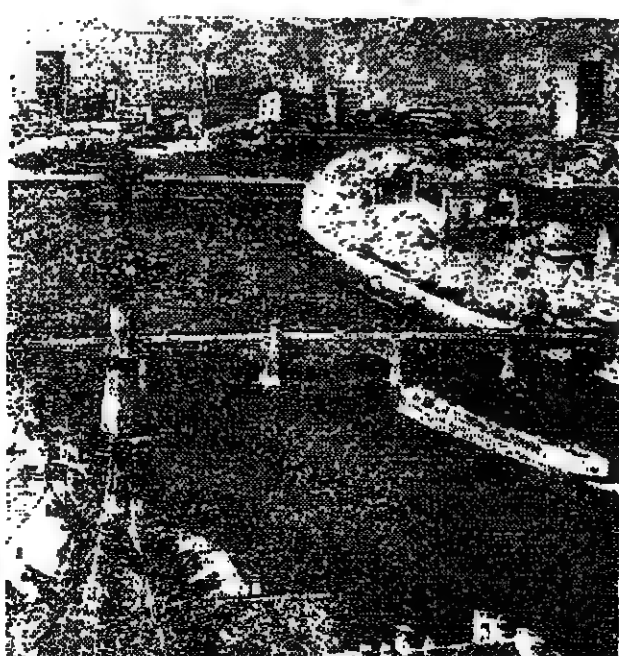
into large international groups. Their growth paralleled the expansion of their production programmes and their entry into one new area of research after another. Impediments to international trade originally induced them to set up production facilities in markets outside Switzerland. Both the increase in business volume and the growing complexity of international relations have inevitably led to a high degree of autonomy for individual affiliates abroad, a development reinforced by the need to deploy research activities on an international scale.

A concentration of chemical industries like that in Basle suggests dark factories and polluted air. But visitors are surprised to find a well-kept city, rich in historical sites and in the midst of a green setting. The surprisingly high quality of life is due to the care which the people of Basle – and the chemical industry – take of their native environment.

This has made it possible to hold the national exhibition of gardening and landscaping, the Green 80, on the outskirts of the town. Basle is therefore expecting more foreign visitors than ever in 1980 and will take great pleasure in welcoming them with traditional Basle warmth.

The most prominent visitor of the year will arrive in late spring: Her Majesty Queen Elizabeth II. Basle is pleased and honoured by this visit.

Ciba-Geigy Lonza Roche Sandoz



1980

SWITZERLAND

The Alps are in danger of being strangled by cable railways. Geoffrey Weston

reports on the conflict between holiday-making and the environment

Tourism falls off as ski lifts go up

Climb to the fourteenth floor of the highest building in Interlaken and on a clear day you may contemplate a cocktail in hand, an incomparable view of the triple peaks of the Eiger, the Mönch and the Jungfrau. The building itself, from everywhere else in the town and its surroundings, is a grotesque eyesore, totally out of harmony with its setting.

Switzerland, the fount of modern tourism, is in danger of allowing commercial pressures and the need to keep up with an increasingly competitive world to destroy the very attractions on which the industry is based. A study commissioned by the Federal Government last year pointed out that most visitors are looking for relaxation in a rural environment and that too often the natural limits of a tourist centre have been ignored.

Many Swiss town dwellers, particularly those interested in winter sports, find themselves transferred, not to rural resorts, but from one urban environment to another for their leisure pursuits. The environmental movement, like so many other changes, has been slow to take root in Switzerland. Opening the eyes of the local inhabitants, particularly when it has in many instances an adverse short-term effect on their incomes, has been an uphill task, begun slowly only 10 years ago.

Tourism contributes 8 per cent of the national income (about 10,000m francs) and holds eighth place in the world market. In the early 1970s bed nights reached a peak of more than 360 million but have fallen off since the oil crisis. British visitors, the founders and for long the guarantors of the hotelier's bread and butter, have declined steadily in numbers since the early 1960s.

Switzerland is to some extent suffering from having been fashionable for too long. It is no longer fashionable, especially with the young, partly because of a reputation for being expensive.

The stability and strength of the franc have been largely responsible, but many potential tourists appear to be unaware that the inflation rate has for some years been negligible by comparison with that of most other countries and that hoteliers have operated a policy of voluntary price restraint since 1974. As a result, although food is still expensive, other price levels have become much more competitive.

The enormous growth since the war of interest in downhill skiing has made up for the drop in summer visitors, who still nevertheless outnumber winter holiday-makers. Much environ-

mental damage arises because, skiers having arrived at the bottom of a slope, require transport back to the top.

This demand has been met by the provision of about 400 cable railways and more than 1,000 ski lifts. A more recent development has been the growth of helicopter services. American-inspired "heliski" weekends, with faster return transport to the top and therefore potentially more ski runs in a day, have been advertised in the Upper Engadine, a massive protest movement has blown up because of the noise, frequency of flights and low flying levels. Sometimes as many as 10 helicopters are in the air at one time.

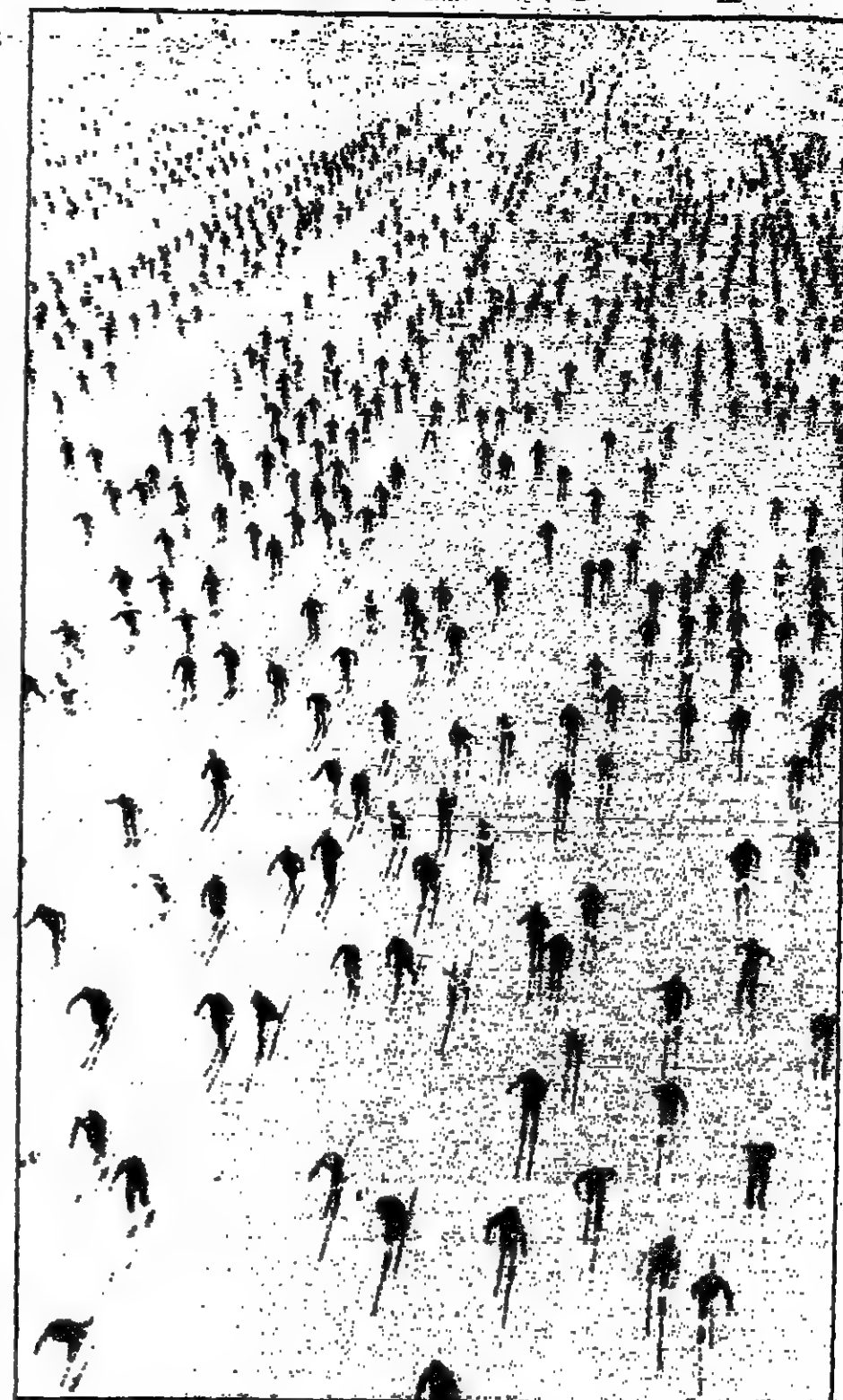
This attempt to outflank the almost silent ski lift has led to misuse of designated alpine landing strips because pilots are making use of many surrounding areas as well as the impracticable to ban them completely because they help to keep the mountain rescue services in operation.

Environmentalists have pointed out that the United States, where these services originated, suffers vast areas with traces of preserved wilderness, and that Switzerland is far too small to absorb developments of this kind. A visiting delegation from Alaska was horrified that in many mountain areas served not just by one cable railway, but by several, and by a helicopter as well – some of them in areas where ascent can easily be made by less intrusive means.

Winter sports conflict not only with agriculture but with summer tourism. Despite massive government subsidies it is becoming increasingly uneconomical to maintain high alpine farming, and more difficult to persuade young people to take it up. Some redundant farmhouses are being converted to holiday use because they blend more harmoniously into the landscape than new buildings. Farmers are encouraged to take in paying guests.

Cattle are needed, not only to supply food, but to crop the grass, which if allowed to grow, encourages more serious erosion. Because it forms a very slippery surface, by contrast, overgrown ski runs do not allow the grass to grow sufficiently in the summer. This causes erosion, requiring expensive rehabilitation through cutting, repainting and building temporary retaining walls. As a result, the landscape is marred for summer visitors.

There is an indelible barrier between the people of the alpine areas and those in the towns, the former being fiercely resistant to the influence of the



Competitors in the Engadin ski marathon – healthy sport or spoiling the landscape?

latter. This barrier has been growing in recent times as outside commercial pressures have mounted and as country people have become more conscious that government plans never seem to fulfil their promises.

The hardening of attitudes has been brought about mostly by the down-to-earth realization that outsiders are creaming off the most of the profits from tourist development, even down to the local shop and cafe, and that the quality of

life is thereby being reduced. In the beautiful valleys of Prättigau and Davos, the accumulation of Schanfige, in the canton of Lake Lucerne, have effectively ruled out the future possibility of holding the games anywhere in Switzerland.

The weakness of environmental propaganda lies in the traditional Swiss suspicion of centralized control over the country with the encouragement of the Federal Government.

More striking was the vote last month by seven cantons to reject any plans for holding the Winter Olympic Games in heavily influenced by vested interests and the profit motive.

Alan McGregor discusses Geneva's future as a centre for international negotiations

Debate on UN membership

Ever since the spring of 1919 when, largely because of Switzerland's successful neutrality in the First World War, Geneva was designated as the seat of the League of Nations, the city has thrived as a centre for international negotiations – excepting, of course, during the 1939-45 war.

Irrespective of whether the causes in which so much repetitive eloquence is invented – every delegate must have his say – are won or lost, Geneva benefits thereby, in added experience or materially, just as its banks, with their fraction of a percent on every currency conversion, do well out of a foreign exchange crisis.

Between them, the dozen or so main United Nations and inter-governmental organizations and the diplomatic missions accredited to them, with more than 150 non-governmental ones, mostly small, employ about 20,000 people.

This is a tenth of the canton's working population and certainly the best-paid proportion, at least where the first two elements are concerned. Some of the small bodies, by contrast, are hanging on by a shoestring, struggling to meet high costs.

A few of them have withdrawn and opted for Vienna, which is coming up steadily as a competitor centre. Its new international city by the Danube already houses six United Nations bodies, four of them, including the important narcotics division with its laboratory, formerly Geneva-based. But, with 1,500 or so conferences annually, Geneva, with its convenient dimension – the "10-minute town" – and geographical location, its efficient facilities, remains the first preference for all concerned to keep their finger on the pulse of multilateral activities.

In conjunction with economic uncertainties, the rise of Vienna has served to

make the Geneva rather more appreciative than they were until recently of the solid advantages of being host to perennial efforts to improve the international prospect.

Only a few years ago, some were so apprehensive of being, they chose to see it, inundated by the growth of international bodies and transnational business – almost a third of the city's 150,000 population is non-Swiss – that they were trying their utmost, sometimes successfully, to keep new groups out.

This gave the Austrians, alerted as they were by the United Nations Secretary-General himself, the opportunity to acquire a sizable participation in the machinery of universal cooperation. As an added incentive, Vienna offers an extra premium in diplomatic and similar perks.

With initial irritation at the spectacle of the Austrians being excessively hospitable having subsided, the Swiss have now turned their attention once again to an even more fundamental aspect of their position in the comity of nations. This is the long-standing issue of whether the country's unique status as an honest broker in world affairs, particularly humanitarian aspects, is liable to suffer greatly if Switzerland at last takes the step of joining the United Nations.

It has been for many years a member of almost all the United Nations specialized agencies. But the question of full political membership of the world body is being approached with the circumspection natural to a nation whose neutrality – secured in the 1815 Treaty of Vienna. It was then that the powers approved a declaration – drawn up for them by a Genevese, Charles Pictet de Rochement – asserting that Switzerland's neutrality and inviolability "are in the true interests of the policy of the whole of Europe". This neutrality, endorsed

by the peace treaties of 1919-20, was unshaken by the country's entry into the League of Nations, after a national referendum produced 416,810 votes for, and 323,719 against. With world war again looming, the League Council took note in May, 1938, of the Swiss concept of "integral neutrality" which, if under pressure from time to time, again justified itself in the ensuing years.

After a decade or so of cogitation, the Federal Government concluded pragmatically in 1977 that Switzerland needed the rest of the world at least as much as it needed the Swiss. Political houses of parliament accepted its contention that entry into the United Nations was desirable and asked the Government to go ahead with this within reasonable time limits, a national referendum again being mandatory.

The Government maintains that disadvantages of non-membership are becoming ever more noticeable and that being properly in the United Nations will not jeopardize neutrality by obligation to take part in military or other sanctions.

It argues that the Swiss observer status in the United Nations political bodies has lost weight since other countries that had the same position, such as East and West Germany, became members. As an observer, Switzerland now sits with the two Koreas, the Vatican and Monaco and is the only country remaining outside the world body by its own will.

With United Nations membership now almost universal, Swiss diplomats complain about diminishing possibilities for active cooperation; if they want to participate in a discussion, they have to ask the appropriate committee to afford them the opportunity.

How much such considerations weigh with the ordinary citizen is problematical. It remains to be seen how he is influenced by the pros

and cons that will be set out in detail during the campaign preceding the referendum.

As home of the International Committee of the Red Cross, Geneva is particularly preoccupied with implications of United Nations membership. Even within the ICRC itself, opinions have been sharply divided. In Switzerland already been in recalling the 1962 Cuban United Nations.

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THE RIGHT DECISION TO RESIGN

The American people are deeply distressed by the failure to attempt to rescue the hostages. They feel it is not a national humiliation. It is not by any means a humiliation as great as historic as the defeat of American power in Vietnam, but it is perhaps more of a single-ick than any particular event occurred during the Vietnam war. It has a natural resonance in a surge of support for President Carter, just as there is a surge of support for Jimmy Carter at the time of the crisis. This feeling of national patriotism is a natural healthy response, but experience suggests that it is not a last response. A strong nation reacts to humiliation by rallying round its leader, but the leader remains accountable and a post mortem is bound to follow.

President Carter's case has already been vividly established by the resignation of his Secretary of State, Cyrus Vance. Vance is not a man who would expect to resign, and he certainly not a man to resign. In a phrase which has been applied to *The New York Times*, he is a "good, gray" American professional; a lawyer, a man of detail, a man of integrity. All American ministers are appointed by the President but, like Dr Kissinger develop political independence and of their own. Mr Vance is an adorned servant of the more weight for that. It is through the Permanent Secretary of the Foreign Office we sign. It implies not merely a political disagreement but a personal criticism of the

stages at which it could have gone wrong, and it did in fact go wrong at the first stage. There are obviously American political consequences which will flow from the event itself. The resignation of a Secretary of State on an issue of principle and judgment is an extremely rare event in American political history. It must be damaging to the position of the President and to his chances of re-election. At the present moment the American electorate are backing the President for what he tried to do and therefore the damage has not taken effect. Yet a considered judgment will come, at that time Mr Vance's resignation is bound to give weight to criticisms of the President's judgment.

Mr Carter has not yet secured the nomination of his party and he faces what already looks a very difficult election in November. If Senator Kennedy were to win the California primary then he could still win the nomination; even if Mr Carter is nominated again—which is still probable—he will have to reassure the American nation about his effectiveness and competence as a President. In political terms he has expended his capital of confidence.

Meanwhile what can the allies do? The choice is extremely difficult because there are such powerful considerations on each side. The preference would be for that policy of conciliation and negotiation in the Middle East, and towards Iran, which offers the best prospect of releasing the American hostages and maintaining Iran as a non-aligned Islamic power. In such a policy the willingness to use sanctions could have some part, and Mr Vance himself saw sanctions as a necessary pressure towards negotiation. It is doubtful however whether the present leaders of Iran are much influenced by such considerations, and there is a danger of sanctions simply leading to more trade with the Soviet bloc.

As against that there is a great wound to the consciousness, and at least temporarily to the confidence of the United States. The natural response of Britain and the European allies to that would be to help the United States in every possible way to achieve her objective. Yet to do so could involve the European allies in actions that cut across the whole of a negotiated settlement. It is very hard to show one's backing for the United States without expressing it in the form of a

backing of the President of the United States. If the President of the United States is moving in a direction which is damaging to the interests of the alliance, then paradoxically one can only express backing for America by backing policies which damage the United States.

The only answer to the dilemma is to have much deeper and more consistent consultation on international issues in the alliance than has existed in the past. This essentially means that the five major powers of the alliance have to reach agreement. There are difficulties in holding meetings of the United States, Britain, France, Germany and Japan without involving Italy—herself no minor power—or other powers as well. Yet the principle of effective consultation is essential. One of the obstacles to effective consultation may be the internal weaknesses of consultation inside the administration; if Dr Brezinski does not consult adequately with the State Department it is hard for the State Department to consult adequately with the allies.

No alternative

The failures of consultation have done too much damage. The policies have been less good than they would have been had they been concerted. The European countries, in particular Germany, have been thoroughly irritated by being asked to support policies which changed in a most embarrassing way. The United States has come to believe that her allies do not support her. There is some measure of truth in that, but much of the lack of support has been the result of failure of coordination rather than failure of intent.

Mr Vance resigned on a point of professional judgment and it is professional judgment which is now most needed. There is no use of force, which any longer has any chance of rescuing the hostages. There are various possible uses of force which could lead to danger to the hostages and to the danger of Iran falling into the hands of the Soviet Union. There is no reasonable alternative to a policy of negotiation, even though that policy has been made much more difficult by the very event which led to Mr Vance's resignation. As President Carter said in his letter, Mr Vance made "the right decision to resign".

LONEL GADDAFI'S THREATS OF MURDER

British state is obliged to protect persons on its soil or they are foreigners. British subjects. Colonel Gaddafi's threat to kill is abroad who disobey his return is thus a direct challenge to British sovereignty. Units to saying that Colonel Gaddafi's rule extends to Britain and to enforce it. This is a statement from the of a foreign state. Strictly it should lead to the expulsion from London diplomatic representation, a world grown hardened propriety, and where other interests are at stake. It is a statement of the of this extreme, but given strong supposition that Gaddafi has already in his threats by organizing instigating the recent

murder of two Libyans in London a very strong protest is the least that can be expected. It will need to be followed up by closer surveillance of the "People's Committees" which represent the transmogrified Libyan embassy in London, and by strengthened protection for Libyans in Britain whose lives may be threatened. It is disturbing that this protection has proved inadequate in these two cases, and that warnings were not taken sufficiently seriously.

Of course Libya is very far from being the only country which murders its own citizens or other opponents abroad. There is strong suspicion that Bulgarian security forces were behind the murder of Georgi Markov in London in 1978 and behind an attempted murder of another Bulgarian emigre in Paris. The Russians have been known to kidnap their citizens

and bundle them home. Iraq has been behind the assassination of Said Hammami, the London representative of the PLO. Israel is widely believed to have killed Palestinian agents abroad. Yugoslavia is, often accused of organizing the murder of Croat emigres. Chile and other South American countries have pursued their victims abroad.

Colonel Gaddafi might therefore claim to be different only in being more honest about what he is doing. But this is not so. Colonel Gaddafi is creating an open doctrine of using murder abroad to discipline his people. He has for many years funded terrorism. He is the friend and ally of the infamous Amin. How long can he expect to be tolerated as though he were a normal statesman, even in our weird and bloodthirsty world.

Advertising claims

Chairman of the Code of Advertising Practice Committee. Today (April 23) following a letter from abroad, have I had opportunity to read the letter from the Advertising Standards Authority of April 19, 1979, concerning the "Living Standards Authority" and the "Advertising Practice Committee". I would welcome Mr Robin a constructive proposal on word a replacement for the paragraph of the code, paragraph was made by the "Living Standards Authority" 1979, impossible to retain the paragraph would have introduced at variance with the principles of the code, that "All advertisements be legal, decent, honest and

"It seems a pity that it was necessary to suspend the part of the code. My regret was for the necessity to act, not for the act itself.

May I emphasize that the suspension of the part of the code does not diminish the full force of the code. All advertisements should be legal, decent, honest and truthful. It is made clear in the introduction to the code that "When ASA or CAP believe that an advertisement is in breach of the code, they will advise the advertiser of the appropriate enforcement authority, and the advertiser will be told what has been done. Yours, etc. P. SCRUTON, Code of Advertising Practice Committee, 2-16 Torrington Place, WC1.

Alive, alive-o From Mr John Noble. Sir, There are a number of hazards in farming oysters but the least expected was to discover that British Rail classify them as "livestock". This means, in our case, that they cannot be dispatched from our nearest station but have to be handed in at another station much further away.

Are oysters livestock? The Oxford Dictionary would seem to support British Rail's view. Yet surely they are not in the normal sense of the word "livestock". They do not bark or bite. Yours, etc. JOHN NOBLE, Lock Fyne Oysters, Ardinburgh Estate Office, Camradow, Argyl.

BBC orchestra cuts

From Mr Simon Rattle. Sir, Over the past two months I have found the BBC's actions concerning the Scottish Symphony Orchestra's forthcoming season, not only that they have chosen to condemn one of our finest artistic institutions, but they carried out this proposal without even the common decency to inform the musicians concerned or consult our union. Even now, we learn of developments solely through the media (report April 19), an extraordinary situation even in this time of management-by-confrontation. Now it seems that, despite letters of protest from countless distinguished international musicians, and constant heartwarming support from the general public, the BBC is proceeding with the closure of our orchestra. In disregarding the public outcry they have shown themselves to be stubborn, philistine and, finally, foolish. There is little less edifying than the possibility of a giant heavyweight battle with the Musicians' Union, but the BBC seem to have chosen this unwise option. In a time when culture is undervalued, we must hope for a speedy change of heart.

In learning my trade with this orchestra I have come to love and respect them, as have a host of other musicians. Without my three-year apprenticeship in this, the only full-time nursery for a British conductor, I would have been unable to develop my skills as a musician, and I am cutting this orchestra, and closing one of the only avenues open to the young performer or composer, will be actively assisting in the decline of British music-making. Can this really be worth the paltry sum they are to save? Yours faithfully, SIMON RATTLE, 6 Manor House, Mayesbrook Road, NW11, April 22.

Dangers of appeasement over the US hostages in Iran

From Mr A. L. Williams and others

Sir, One of the sadder aspects of America's failure to rescue its kidnapped hostages in Tehran is the eruption of sanctimonious Western self-abasement in your letter columns. Even your editorial (April 23) is totally free of such sentiments, particularly when you feel it necessary, perhaps unwittingly, to deprecate the "spiritual dearth of so-called Western capitalism". Some of us may be forgiven for thinking that on the contrary, despite many obstacles and difficulties, this century has witnessed the greatest flowering of culture and democracy in Western history.

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We should not, in this connexion, overlook that the Western policy of importing Iran to stop breaking into the Islamic world is such heady stuff for the Revolutionary Council that they have by now apparently acquired a vested interest in hanging on to the hostages.

Beyond the important question of the hostages is the much greater problem of international law and order. Those who break the law should be punished, not placated. Some of your correspondents warn us that this might push Iran into the arms of the Soviet Union. The history of Persian relations these last 200 years does not support this simplistic anxiety. Persia has on occasion, played one power against another but Russia has consistently been the traditional enemy as it encroached again and again on Persian territory.

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We have, unfortunately, far too many people who tend to underestimate both the strength of our

culture and the justice of our cause. More than anything else it is this streak in our make-up which contributes to Western disarray, thereby helping to undermine the peace of the world.

Yours faithfully, ALAN LEE WILLIAMS, DAVID GRIFFITHS, ANTHONY BUCK, PETER BOTTOMLEY, LIONEL BLOCH, JOSEPH GOSDON, LEONARD SCHAPIRO, NEVILLE SANDELSON, The English-speaking Union, Dartmouth House, 37 Charles Street, Berkeley Square, W1, April 28.

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In the event, we lost—and by "we" I mean not only America but its nervous and very tardy allies. The inevitable avalanche of second guessing will not change that, nor will it relieve Europeans and others outside the United States of their share in the responsibility for this tragedy.

It is a cruel lesson that doing nothing in the face of political banditry can and often does produce more dangerous results than a decisive initiative. The Europeans, in particular, had this lesson literally burned into their flesh within living memory—and they have still failed to learn it. Yours, NERB GREER, Film Rights Ltd, 113-117 Wardour Street, W1, April 25.

From Mr J. Lep. Sir, Is it not time, I dare to ask, that the ex-Shah takes a firm stand and renounces voluntarily to Iran, Islamic terrorism, and Islamic imperialism at this moment that this hazardous acrobatic game without a safety net should be brought to an end without delay. Who better than the former Shah to solve the present problems?

Provided there is no foul play on either side, there is nothing unusual that an incoming government is demanding an account of the political and financial conduct from a deposed ruler. And in my opinion, there is no excuse for the ex-Shah to refuse a trial and clarify his position as former Head of State at the risk of endangering the lives of the hostages and of possible catastrophic consequences of military action to rescue them. Such a disaster has to be avoided without setting the world on fire. I repeat it is where the ex-Shah, and he alone, comes in.

No political purpose is served and it is certainly not realistic to lament the kidnapping and blackmail—on its infancy all agree—but the only question that really matters now is how to put a stop to this terrifying situation without any further escalation. And the only hope is for the ex-Shah to face his accusers. Of course, during the hearing of the ex-Shah, the facts, for many of his prominent political friends, might come to light but that would be really irrelevant in view of the gravity of

the present situation. For the ex-Shah, whatever the outcome of the case against him, would go down in history as a hero who sacrificed himself to save humanity from an approaching calamity.

Three conditions should, however, be stipulated: a. The simultaneous and unconditional release of all the hostages must be guaranteed. b. Medical care for the Shah must be provided. c. Open court hearings with full legal protection and an unimpeached defence must be guaranteed. Yours faithfully, J. LEVY, 5 Elms Gardens, SW5, April 28.

From Mr R. M. Howard. Sir, Surely, the events of the past months have demonstrated that the President of the United States should be able to manage his nation's affairs without paying undue regard to his prospects of reelection?

The President's Russian counterpart has no such preoccupation but is free to get on with the job. Since the Russian system would not be for the West, the answer must be that the US President ought not to be eligible for reelection. If the office of President was to be limited to one term only, perhaps extended slightly, then decisions, particularly in the field of foreign policy where the electorate probably has least knowledge, could be taken without fears of electoral consequences.

This would serve the additional advantage of providing, rather more Presidents than there are at present, whose experience, and ability could be called upon, in an emergency capacity. Yours faithfully, ROBERT M. HOWARD, Prospect, Coggeshall Road, Earls Colne, Colchester, Essex, April 28.

From Mr J. E. Humphrey. Sir, One does not have to be in agreement with Mr Carter's rescue attempt to find the strictures of Mr Gromyko and others quite unacceptable. The Soviet Union and, indeed, every other member of the United Nations must know, perfectly well that if the occupants of one of their countries' embassies had been kidnapped, they would have had the immediate sympathy and practical support of the United States where there is a concern for absolute as distinct from merely relative values. But the response to Mr Carter in his difficulty was a side-stepping of responsibility which leaves the whole world less secure.

International law depends for its effectiveness on a realization of the benefits of reciprocity, upon mankind having sense enough to appreciate, if only out of self-interest, that in the long run it pays to observe and obey the rules which, though not at any one time likely to be the active concern of all, are devised for the benefit of all. The tragic course of events derives directly from the thoughtless and in some instances cynical abandonment of these fundamental principles of international law. Yours faithfully, J. E. HUMPHREY, 9 Offington Gardens, Worthing, West Sussex.

Dr A. L. Rowse bases his claim in *The Passionate Pilgrim*, published in 1959, as "By William Shakespeare" in addition to Barnfield's work it contains Marlowe's "I am a little more than man" and "I love" and other well known lyrics—though there are inferior versions of two of Shakespeare's sonnets as well, and some verses from *Love's Labour's Lost*. The second edition, adding some verses by Thomas Heywood, dated from 1598, the observation that the world might be led to think that he had stolen them from Shakespeare, but as he acknowledged his own lines unworthy of Shakespeare "so the author I know much offended with Mr Jaggard (that altogether unknown to him) presumed to make a little with my name" (An Apology for Actors, 1641). Jaggard, who was the publisher, removed Shakespeare's name from the title page and some copies are thus anonymous.

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"The tell-tale sonnet" as Dr Rowse terms it has certainly, by calling something about Dr Rowse, contributed to the Birthday festivities. Yours faithfully, M. C. BRADBROOK, 11 Chesham Road, Cambridge, April 24.

From Mr John Penman. Sir, The Refector (letter, April 26) is out on parish business. Yours faithfully, JOHN PENMAN, Forest View, Upper Clute, Hampshire, April 26.

Out for a duck From Mr W. A. Jones. Sir, Obviously, from what Mr Brewer says (April 24) Mr Clifford Taylor (letter, April 17) did act prematurely in calling the egg. If the duck had returned to hatch it, the egg would have been avoided. It had not been discarded, the egg would probably, subject to analysis, have involved the provisions of the Deposit of Poisons Act 1972. Yours faithfully, W. A. JONES, Managing Director, Reed Sludge Disposal Company, Ltd, Green Bower, Slebech, Merionethwest, April 24.

Forming a police oligarchy

From the Chairman of Merseyside County Council. Sir, Your report of the speech by Mr James Anderson, Chief Constable of Greater Manchester (April 23), prompts the thought that perhaps it is not so much the judicial processes which might be better served as the processes by which we produce our chief constables. One's hair begins to rise when his remarks are accompanied by a thought or two from the President of the Association of Chief Police Officers.

"It was only right that police should shape public opinion on important questions... They were the professionals... Mr Anderson, characteristically, goes further. He wants just 10 regional police forces whose "police" "topliners" would form themselves into a cabal—his word, not mine—to speak with one voice ("cabal"—a small group of intriguers).

Quite the most disturbing aspect is, first, the extraordinary use of our mother tongue to which chief constables seem affable and, secondly, the readiness with which the slightest whisper of critical comment qualifies the speaker for membership of the Red Brigade.

"We are passively acquiescing in a hardly bloodless revolution. It is the induction of a general 'certain disorder' (??) crime... have (1) replaced more warlike conduct as the painless way... and so on.

Society's dilemma stems from the need to repress arrogance and elitism wherever it appears, whilst leaving its trustworthy and unambitious hands the responsibility for the exercise of instant discipline. Political direction of a police force or of a single policeman is unacceptable. Increasingly, unacceptable is the disparaging authority of certain indoctrinated chief police officers. If we want a strong police force, supported and encouraged by an articulate public, don't act soon to improve the present Police Act we may be too late.

Yours faithfully, KENNETH THOMPSON, PO Box 95, Metropolitan House, Old Hall Street, Liverpool, April 25.

From Professor Muriel Bradbrook. Sir, The sonnet "If music and sweet poetry agree" claimed in your issue of April 23 as by Shakespeare, was first published by Richard Barnfield in 1598 in *Poems in Divers Humours*, appended to *The Enchiridion of Lady Barnfield*. It has been suggested to mean Richard Linche.

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Dangers of appeasement over the US hostages in Iran

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In the event, we lost—and by "we" I mean not only America but its nervous and very tardy allies. The inevitable avalanche of second guessing will not change that, nor will it relieve Europeans and others outside the United States of their share in the responsibility for this tragedy.

It is a cruel lesson that doing nothing in the face of political banditry can and often does produce more dangerous results than a decisive initiative. The Europeans, in particular, had this lesson literally burned into their flesh within living memory—and they have still failed to learn it. Yours, NERB GREER, Film Rights Ltd, 113-117 Wardour Street, W1, April 25.

From Mr J. Lep. Sir, Is it not time, I dare to ask, that the ex-Shah takes a firm stand and renounces voluntarily to Iran, Islamic terrorism, and Islamic imperialism at this moment that this hazardous acrobatic game without a safety net should be brought to an end without delay. Who better than the former Shah to solve the present problems?

Provided there is no foul play on either side, there is nothing unusual that an incoming government is demanding an account of the political and financial conduct from a deposed ruler. And in my opinion, there is no excuse for the ex-Shah to refuse a trial and clarify his position as former Head of State at the risk of endangering the lives of the hostages and of possible catastrophic consequences of military action to rescue them. Such a disaster has to be avoided without setting the world on fire. I repeat it is where the ex-Shah, and he alone, comes in.

No political purpose is served and it is certainly not realistic to lament the kidnapping and blackmail—on its infancy all agree—but the only question that really matters now is how to put a stop to this terrifying situation without any further escalation. And the only hope is for the ex-Shah to face his accusers. Of course, during the hearing of the ex-Shah, the facts, for many of his prominent political friends, might come to light but that would be really irrelevant in view of the gravity of

Forming a police oligarchy

From the Chairman of Merseyside County Council. Sir, Your report of the speech by Mr James Anderson, Chief Constable of Greater Manchester (April 23), prompts the thought that perhaps it is not so much the judicial processes which might be better served as the processes by which we produce our chief constables. One's hair begins to rise when his remarks are accompanied by a thought or two from the President of the Association of Chief Police Officers.

"It was only right that police should shape public opinion on important questions... They were the professionals... Mr Anderson, characteristically, goes further. He wants just 10 regional police forces whose "police" "topliners" would form themselves into a cabal—his word, not mine—to speak with one voice ("cabal"—a small group of intriguers).

Quite the most disturbing aspect is, first, the extraordinary use of our mother tongue to which chief constables seem affable and, secondly, the readiness with which the slightest whisper of critical comment qualifies the speaker for membership of the Red Brigade.

"We are passively acquiescing in a hardly bloodless revolution. It is the induction of a general 'certain disorder' (??) crime... have (1) replaced more warlike conduct as the painless way... and so on.

Society's dilemma stems from the need to repress arrogance and elitism wherever it appears, whilst leaving its trustworthy and unambitious hands the responsibility for the exercise of instant discipline. Political direction of a police force or of

Inking with
re machinery
f government
age 19

THE TIMES

BUSINESS NEWS

LAING
make ideas take shape

Stock markets

FT Index 432.1 up 4.6
FT 100 66.22 up 0.61

Sterling
\$2.2845 up 70 pts
Index 73.7 down 0.1

Dollar
Index 88.7 down 0.7

Gold
\$255.5 down \$25

Money
3 mth sterling 17.17
3 mth Euro \$154.15
6 mth Euro \$146.14

IN BRIEF

Bank union
aims a
hour
week

Bank workers have demanded
hour working week and
holidays to smooth the
the introduction of new
e. Delegates at the Bank
Insurance and Finance
annual conference at
one agreed that mem-
would oppose further au-
to employers refused to
the with the union on its
jection.

John Martin, union presi-
dent, said the main claim
which had just returned
of £1,600m, and in-
dividend payments to
olders by 35 per cent
full effort to pay in full
the 25 to 30 per cent
in.

Met obstacles

Met Group has again
Grand Metropolitan's
(about £184m) tender
Grand Met's request for
stopping Singer from
Austin Nichols drinks
However, a share-
has filed a suit against
in Delaware to stop
on to Grand Met's offer.

1 sales down

sales fell back in
from their February
according to provisional
issued by the Depart-
Trade. The index of
me of retail sales stood
compared to 104.1 in
But figures for the
year were 1.5 per cent
in the final quarter

Table, page 21

Head of Gatt

appointment of Mr
Dunkel, of Switzerland,
as Director General of
eral Agreement on
and Trade has been
at a meeting of the
advising of Gatt.
take over from Mr
Long, early in the
Business Diary, page 19

Chairmanship

Mr Joseph, the Indus-
trial, is expected to
be today with Mr In-
for the leading candi-
the chairmanship of
Steel Corporation.

It talks

Dunhill, the Rollman
final subsidiary, is to
under the new Com-
4 with the Office of
ding about the policy
apply cigarette lighters
BAT's chain of cata-
showroom discount

Loss for Ford

Motor Corporation said
a States operation in-
net loss of \$473m
or \$3.94 a share in
quarter of 1980. Its
loss for any quarter,
profit of \$220m in the
ter.

Net up

New York Stock
the Dow Jones index
closed 1.38 points
805.46. The dollar
the SDR was 1.29656,
pound was 0.564827.

PRICE CHANGES

tes 18pt to 121p	Norton Simon 15c to 520c
total 5p to 45p	Raglan Prop 1p to 4p
times 7p to 61p	Ultramar 1p to 61p
Gas 18p to 75p	Weeks Pet 15p to 38p
15p to 55p	

32p to 50p	Hongkong 33p to 65p
21p to 24p	Indra 10p to 47p
2p to 21p	South Africa 2p to 5p
45p to 57p	Spain PIA 15p to 34p
38p to 66p	Utd News 10p to 57p
	Wellcom

THE POUND

Bank	Bank	Bank
buy	sell	sell
1.13	1.13	1.13
30.75	29.00	11.70
79.10	66.60	107.50
2.75	2.68	1.85
12.32	12.78	155.50
8.85	8.45	10.00
9.88	9.48	4.92
4.29	4.07	2.38
32.00	32.00	48.25
37.00	37.00	
1.14	1.095	
2025.00	1910.00	
580.00	580.00	
Gld 4.73	4.50	

Takeover will mean loss of accepting houses status for Antony Gibbs

By Andrew Goodrick-Clarke
Financial Editor

Antony Gibbs, the City merchant bank, has heard that its takeover by the Hongkong and Shanghai Banking Corporation will mean the automatic loss of its membership of the Accepting Houses Committee.

An elite organization which represents the interests of the leading 17 merchant banks in London, the committee has, apparently, decided overwhelmingly that the takeover would place Gibbs in the technical breach of the rules.

So Gibbs, whose chairman, Sir Philip de Zulueta, has been hard to retain membership for his bank, has no option but to give up its membership.

The situation is unprecedented. A bank has resigned before, but no member has been put into the position of having to resign due to a vote by the representative members of the committee, the chairman of the 17 banks.

The technical breach occurs because the takeover by the Hongkong and Shanghai of the 60 per cent of Gibbs which it does not already own (a move which has the backing of the Gibbs board) would mean that Gibbs was no longer controlled by a member of the British Bankers' Association.

AHC members must be full members of the association, which in turn means that they must be British controlled in the view of the Bank of England. Hongkong and Shanghai does not qualify for full membership of the association.

After the meeting of the committee whose chairman is Mr John Baring, of Barings, at which apparently 13 of the 17 members voted for the takeover, the fate of Gibbs is in the hands of the Hongkong and Shanghai. It is understood that there was an agreement not to talk about the affair.

One possibility is that the directors of Singer may themselves make a bid for their bank, but until the outcome of Singer's ownership is known the AHC has deferred a decision on membership.

The benefits, then, are of status and reputation—and that, of course, in the banking business is still important. This, and an attempt to preserve as far as possible the "private" banking membership of the AHC, was apparently uppermost in the minds of those who voted to effectively end Gibbs's membership.

The fear was that allowing membership by a Gibbs/Hongkong and Shanghai combination would make it impossible to resist similar demands from merchant banks like Barclay's, Standard Bank, Standard Chartered, Merchant Bank and National Westminster's County Bank. All are subsidiaries of major banks but would apparently find it difficult to meet the independence required by the AHC.

At the same meeting it is understood that it was decided to defer considering the future of another member, Singer & Friedlander, a subsidiary of the insurance broking business C. T. Bowring, which has now agreed to a takeover by the American insurance brokers, Marsh & McLennan.

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The Gibbs/Singer affair has caused much searching among the membership of the committee which has not faced such a dilemma since 1975 when William Brandy resigned.

Brands had run into serious difficulties during the secondary banking crisis and it became clear that his parent, Grindlays, could no longer assure Brands the necessary degree of management independence which the AHC rules require.

The situation is made more complicated because the AHC set up in 1914 as a sort of private bankers' club, has no written constitution, and the benefits of membership are obscure.

Once, though, members enjoyed privileged status under the Bank of England. AHC members are eligible for re-discounting at the finest possible rates in the money market—but so now are those of most leading banks.

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Rolls-Royce looks to private sector for additional cash needs

By Peter Hill
Industrial Editor

Rolls-Royce is to get more Government money so that it can meet an additional cash requirement of £180m this year against the background of heavy losses—over £50m the company is likely to reveal—sustained last year, largely as a result of unfavourable exchange rate fluctuations.

The aero-engine company, which is due to publish its annual report for last year, with in the next few days, will be required to seek a considerable part of the additional cash from private sector sources, although Mr Adam Butler, Minister of State for Industry, indicated yesterday that if this did not prove possible, the Government would examine the possibility of making up the balance.

Outlining the terms of the new funding, Mr Butler explained that the Government would issue the company with new equity capital, equivalent to certain loans due to be repaid to the Department of Industry this year, and the exchange rate was \$1.80 and assumed a

engine sales paid by the company to the Government to recover development finance for the RB-211 engines is to be modified.

The modification will be confined to the RB-211 engines on order at the end of 1979 and will be varied to reflect the effect of the exchange rate on sales income. The levy would be suspended at current exchange rates, he said.

It is understood that Rolls-Royce is due to publish its financial year amount to about £25m and the modification of the sales levy mechanism is seen as a big boost to Rolls, which is now under the effective control of the Department of Industry.

After the decision last year to sever its links with the National Enterprise Board.

Total orders held by the company amounted to about £2,000m and last year RB-211 sales accounted for about 30 per cent of total turnover.

But orders taken with Boeing and Lockheed for the 535 and 524 versions of the engine last year and the year before were secured when the exchange rate was \$1.80 and assumed a

drop to \$1.65 last year.

But the surge in the value of sterling against the American dollar has led to substantial losses. It is now unlikely that sales of these engines will yield profits until the late 1990s. Rolls is expected to reveal losses of more than £50m for last year.

Mr Butler told the Commons: "Given the current constraints on public expenditure, and while I recognize that some further injection of Government finance may be necessary, I have asked the company to examine how much it can secure from the private sector."

The basis of the Government's decision follows its acceptance of R-R's five year forecast to 1984 and its satisfaction that the company's policies, under Sir Frank McCafferty, chairman of the board, are sound and aiming for greater profitability, provide a basis for long term viability.

Answering questions in the Commons yesterday, Mr Butler said that the additional cash needs, this year stemmed from rapid expansion.

Lockheed fears, page 18

NY State to sue over waste dump

New York, April 28—New York State has filed a \$635m (£274.8m) lawsuit against Hooker Chemicals & Plastics Corporation and two of its affiliated companies in connection with the dumping of hazardous waste at Love Canal, a subsidiary of the Occidental Petroleum Corporation.

Mr Robert Abrams, the New York State Attorney General, announced the filing of the suit in the state supreme court at a news conference in the Niagara County Courthouse.

He said the suit was also against Hooker's parent company Occidental Petroleum and another Occidental subsidiary, the Hooker Chemical Corporation.

"In this lawsuit we intend to establish that a corporation which dumps hazardous wastes must be held legally liable for any damage to the health of our citizens," he said.

If successful this suit will establish legal precedents which will be of enormous consequence in the years to come.

The suit seeks "complete and permanent" remedial action at the Love Canal. It also seeks up to \$95m for expenses incurred by the state for cleaning up the site, another \$250m compensation for injury to the air, land and water resources of the state, an additional \$250m in punitive damages and damages on behalf of the UDC-Love Canal Institute.

Created by the state to buy private homes near the Love Canal.

Last December the Federal government filed a \$124m suit against Hooker Chemical Corporation and Occidental Petroleum Investment Corporation. AP-Dow Jones.

Chancellor says living standards must fall

By Caroline Atkinson
Real living standards must fall, Sir Geoffrey Howe, the Chancellor, said yesterday when speaking to members of parliament. He said it is the lesson of history that getting inflation down requires a loss of output and rising unemployment.

He admitted that the government's forecasts for economic growth over the next four years imply a higher level of unemployment than the 1.80 million assumed for the purposes of the latest White Paper on public spending.

He refused to give the committee a forecast for unemployment which would be consistent with the Treasury's output assumption for the years covered by the Government's medium term financial strategy.

He said that a particular figure would probably be spurious and might not be helpful.

Since total resources in the economy are expected to fall this year, the Chancellor said there will be a loss of real income. He was keen to emphasize the link between pay rises and unemployment.

Sir Geoffrey said that while he was certain that a tight money policy would bring down inflation in the end, there could be a very long chain. This could be made shorter and less painful in terms of high unemployment if pay bargaining was realistic.

When before the committee last week he was questioned closely about large rises in public sector pay this financial year, yesterday he commented that the Government's cash limits of 13 or 14 per cent for pay settlements in this round were tough. But out of this, he

public sector workers will receive a lot of money left over from last year.

Sir Geoffrey remarked that the Clegg comparability awards were part of the legacy of the last government's pay policy.

Although many people are now unhappy with the inflationary effect of the Clegg settlements, the Chancellor pointed out that no one was against the idea at the time it was set up after industrial strife in the winter of 1978-79.

It has been a growing theme of Treasury ministers and central bankers that money policies are not enough on their own. The Chancellor repeated the recent remarks of Mr John Biffen, the Chief Secretary to the Treasury, to the effect that there was not a clear, mechanistic and demonstrable link between money growth and inflation.

Sir Geoffrey said that moderation in pay settlements was of key importance in determining how long it took to get inflation down.

He stressed that inflation was the main enemy and that this view was shared by all other Treasury ministers and central bankers with whom he spoke at last week's meeting of the International Monetary Fund in Hamburg.

Sir Geoffrey was also questioned by the committee on the present high level of the pound, and the effect this might be having on the balance of payments.

He refused to be drawn about how he would go about bringing sterling down if he decided to do so.

He said that he would not try to do this, would be contrary to the Government's anti-inflation policy, and might anyway not help improve the balance of payments.

He offered hope of lower interest rates so that those whose finances have been squeezed

Fighting for rights in the building societies

By Margaret Stone
Shareholder democracy is a fragile plant at the best of times and nowhere is it fighting harder for existence than in the building societies.

Features which shareholders in a conventional commercial company would take for granted if ever they thought about it—such as access to the company share register—have to be fought for by activist building society members.

Mr Paul Twyman and Mr Leslie Smith, who two years ago unsuccessfully opposed the merger between the Anglia and the Hastings & Thanet Building Societies, and who are each attempting to secure a seat on the board of the enlarged society, now seventh in the country, the Anglia Hastings & Thanet (AHT), are meeting with distant courtesy at the best from the present board and executives. Permission to look at extracts from the register of members was given only after appeal to the Chief Registrar.

Tonight the votes will be cast at the society's annual general meeting in Northampton and much depends upon how the proxies cast are decided.

In the previous election Mr Twyman and Mr Smith each polled about 8,000 votes compared with the 20,000 of those successfully elected.

However, there was some debate about how the board, which casts the proxies, exercised rights to fill in the remaining "cross" on incomplete voting forms.

In fact, the board did not need to make use of this right last year—which could have had the effect of blocking the outsiders' access to the board—and says that Mr Twyman's attempt to involve the dispirited procedure on this matter is, therefore, irrelevant.

Reading between the lines, it seems that the society has little intention of using this particular legal right this time either.

Mr Twyman, a civil servant with the Department of Trade, is becoming a professional activist in the building society movement.

HOM Brit give pro

By Michael Transport British sive and unless the to more a financial Peter Parl his chair railways v by year in men's ca doing the death w "The f Raf" is t our financ short of bility." S meaning i improved "The been bet financial be forced parding Sir Fe prompt from the Minis said in a question that he Rail wou within i limits" i effective European was no tax tasi In a tenger freight made s before a year cor 1978 T tax in charges compare £6.4m. f £530m. s for. The i Govern limit o hopes o It also i

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Saudi aims to expand its industrial projects

Saudi Arabia aims to capture 4 per cent of the world petrochemicals market, a leading government official said. At the same time, he spoke of his country's determination to execute industrial projects according to plan.

Dr Ghazi al-Gosaibi, minister of Industry and Electricity, said that Saudi Arabia did not want to take the lion's share of petrochemicals production. "It is satisfied to accept a reasonable share not exceeding 4 per cent of world production, and I don't believe there is any fair person who could argue that such a percentage is unreasonable or unfair."

Speaking at the signing of the joint venture agreement between Exxon and Saudi Basic Industries Corporation to proceed with a petrochemical project at Al-Jubail, he gave a warning that the Saudi Arabia would not accept any discrimination in the form of trade barriers against her products.

"It is time for the producers of petrochemicals in the world to welcome Saudi Arabia as a new partner in industrial activity," he added.

Downstream development from the Middle East's vast oil reserves has been regarded as politically logical. So far, it has been difficult to justify commercially.

Sino-Japanese talks

Mr Yoshitake Sasaki, the Japanese international trade and industry minister, has left Tokyo for a week-long visit to China to discuss trade and economic cooperation. He is expected to meet Premier Hua Guofeng and other Chinese leaders.

US tool order rise

Orders received by United States manufacturers of machine tools rose 59.4m or 7 per cent, to \$1,490m (about £663m) during the first quarter of 1980, the National Machine Tool Builders Association says. This follows a 4.9 per cent drop in the previous quarter.

Supermarkets examine the difficulties of the non-food trade

Diverse problems for chain stores

Grocery chain stores which have been increasing their stock of non-food items, both to increase profits and diversify their selection of merchandise, have found they are facing an increasing number of problems.

This was underlined at this year's annual convention of the Institute of Grocery Distribution at Brighton yesterday. However it was clear that the difficulties would not stop the chain stores from attempting to increase their share of the non-food trade.

Some non-food items have sold well in supermarkets. Hardware, small electrical appliances, paint and wallpaper, toiletries and health and beauty aids are in this category. However for some retailers other goods, including larger domestic appliances, fashionwear and footwear, without changes in selling styles, have produced disappointing sales results.

These goods demanded a different, more complex buying system, with more sophisticated distribution and a new approach to store planning and types of fixtures, said Mr Leslie Porter, chairman of Tesco Stores. Mr Porter is retiring president of the institute.

"I know that a totally different selling environment is needed for textile merchandise," he said.

Sale difficulties with fashionwear retailing were underlined by Mr Peter Paxton, chairman of the Co-operative Wholesale Society. Retailing of durables such as furniture, floor coverings, larger electrical goods and television also produced disappointing results when pursued in normal chain stores, he said.

A major growth of specialist units near the supermarkets would be the answer to the problem, Mr Paxton believed. This plan was adopted by the North Midlands Co-operative Society at Hanley and trading results had gone from "average" to "impressive", he said.

Leading retailers in the United States and West Germany were following a trend towards separate selling units, Mr Paxton admitted. However he admitted there were dangers in moving merchandise from main self-service areas because of inhibition of impulse sales and the increasing of operating costs.

"So far the evidence points towards specialist treatment. Although more costly to operate, it is more effective in terms of volume sales."

How far the key chain stores will take this route is not yet clear. Mr Porter emphasized that Tesco's entry into non-food sales was to use its customer flow to

generate sales of higher margin merchandise.

One of Tesco's newest stores, at Weston Favell on the outskirts of Northampton, demonstrates how far the group is attempting to keep the so-called specialist areas in the main customer flow. In the non-food area Tesco has created a mini-department store with sections given over to specialist sales, including fashion wear, consumer electronics and even glass and chinaware. Each section has its own style of decor, but the main customer flow is still through this area.

However, sections devoted to do-it-yourself items and gardening are growing and are more likely to develop in substantial specialist areas adjacent to, rather than in, the main customer flow.

ASDA Stores, the Associated Dairies Group subsidiary, is planning to add extension for DIY items to about eight of its stores and the size of future stores will be increased where possible to cope with these specialist items.

ASDA is moving more strongly into the sale of soft goods, including clothing, even though turnover per square foot of selling space is lower in these items than with ASDA's more traditional lines.

Derek Harris

Optimism over investment in high technology

Sir Keith Joseph, Secretary of State for Industry, said yesterday that there was evidence of increasing willingness by investors to back high technology in Britain.

Presenting the winning awards at a national microelectronics competition organized by Peterborough Development Corporation and other sponsors, Sir Keith said that the awareness of microelectronic opportunities was growing in Britain. He said the previous government should take some credit for this.

He made no comment on this Government's awareness of the opportunities available to industry, the National Enterprise Board, semiconductor subsidiary, which has been awaiting for some time a decision by Sir Keith on its second £25m of state investment.

At the Department of Industry this delay is now attributed to the dialogue between the NEB and the General Electric Company on a possible GEC stake in Innos.

The winner of the Peterborough prize, the main award in the competition, is Mr Alan Evans, managing director of the United Kingdom subsidiary of Fischer and Porter, an American-owned instrument manufacturer.

His microprocessor-based industrial data monitoring system was judged to be the best submitted that was both sound technology and could be sold at a profit.

Mr Evans will establish his own company in Peterborough

Technology News

to make the system, which can monitor and display graphical information on up to eight industrial process parameters. The main markets seen for the system are the chemical and petroleum industries, power generation, gas and food processing, steel and metal processing could also be important.

The prize includes a rent-free factory at Peterborough for a year; £4,000 cash from the Industrial & Commercial Finance Corporation and Barclays Bank working capital at preferential rates and financial management support from Barclays; the services of the Electronics Recruitment Company; consideration for up to £250,000 venture capital from ICFC.

Mr Evans said yesterday that he had proposed his system for adoption by Fischer and Porter, but the company had declined to go ahead with it.

Prizes were also awarded for the best entry by an electronics professional and the best by an amateur. The professional prize went to Mr John Sanderson of a microprocessor-based audio-visual teaching system for all age groups and all subjects.

Prototypes of Mr Sanderson's system have been on trial in Northamptonshire schools since 1978; they are supported by the Schools Council and the County Education Authority.

The main development of the

system has been at Prince William School, Oundle, and subjects taught with its assistance have been remedial English, O-level mathematics and German.

Dr Robert Molloy, consultant anaesthetist at the Whittington Hospital, Highgate, London, won the amateur prize for an osmolarity meter, which measures the number of particles dissolved in a liquid.

Dr Molloy's version, like conventional instruments, measures the freezing point of solutions but it is simpler and cheaper and can be used by unskilled people.

Capturing waste heat

European technology may help to enable waste heat from a large aluminium plant in the northwestern United States to be used to heat water for homes eleven miles away in the city of Bellingham, Washington. The scheme is being evaluated for the United States Department of Energy by Rockwell (previously known as the Rockwell Research Corporation) of Redmond, Washington.

Dr George Sutcliffe, Rockwell chairman and chief executive officer, said in London last week that the Intalco aluminium plant was the second largest in the world. Its waste energy was sufficient to heat up to 20,000 homes.

Rockwell is studying a heat-exchanger installation at the plant which would heat the water before it was pumped to Bellingham. The company will draw on the experience of Com-

pagnie Générale de Chauffage (CGC) of Lille.

Rockwell and CGC have set up a joint-venture company, Trans Energy Systems, at Bellingham. CGC has experience of district heating and combined heat and power systems. Apart from the Intalco project the joint company is working on the feasibility of generating both steam and electricity using municipal garbage or lumber-industry wood wastes as fuel.

Data network opens

Europe, the European Data transmission network linking the nine member states to 15 host computers, was formally opened in London yesterday.

It has switching exchanges in Frankfurt, London, Paris and Rome, remote access points in Amsterdam, Copenhagen, Brussels, Luxembourg and Dublin. Billing details will be collected at the Post Office's London Management Centre.

Fifteen computers are linked via DIALS (Direct Information Access Network for Europe), the relayed data line, to the network offering 30 data bases. Three-quarters are research bibliographies; the other files are data banks giving statistics.

By the end of the year 25 computers will be linked. Eventually there will be 30, offering 180 data bases. The user is billed on his time of connection and the volume of data transmitted.

Kenneth Owen and Bill Johnstone

Lockheed 'concern' on Rolls-Royce

Worries by Lockheed, the United States aerospace manufacturer, over "omnious newspaper reports concerning Rolls-Royce profitability and challenges to its future" were voiced in London yesterday by Mr Lawrence O. Kitcher, the company's president and chief operating officer.

Speaking at a luncheon of the British American Chamber of Commerce, he said the success of Rolls-Royce and its RB211 series engines was "very important" to Lockheed, and "the future of its other models is vital to many aircraft manufacturers and operators", civil and military alike, around the world.

The important role of Rolls-Royce to world aviation and British technological leadership needs no special pleading. It merely needs the defence of common sense.

Mr Kitcher and his board have painful memories of the Rolls bankruptcy of 1971 caused by the high cost of developing the RB211 engine which powers the Lockheed TriStar.

As he was speaking yesterday, Rolls-Royce announced a notable sales success for the RB211. New Zealand Airways said it had chosen the engine, rather than one from the United States, to power a fleet of five Boeing 747s with which it is to replace its McDonnell Douglas DC10s. The order, with spares, is worth £50m to Rolls-Royce.

W German 2.5pc growth 'attainable'

Bonn, April 23.—The majority of West Germany's five leading economic research institutes says that a real growth in the country's gross national product of 2.5 per cent, forecast by the government for 1980 is attainable. But Institut Fuer Weltwirtschaft (IfW) dissented, predicting a gap growth of only 1.5 per cent in real or price adjusted terms.

In their spring report about the state of the West German economy and its prospects published today, the institutes unanimously projected a current account deficit in excess of 25,000m Deutsche marks (£5,980m), confirming what Herr Hans Marthofer, financial minister, already signalled in his address to the International Monetary Fund's interim committee meeting in Hamburg last Friday.

Previous estimates had spoken of a current account deficit around DM 20,000m, which was preceded by a deficit of DM 9,000m, in 1979. The first rise in total on current account since 1965.

LETTERS TO THE EDITOR

Uncompetitive state of British banking

From Mr A. J. Haxton

Sir, The recent comment by one of the major clearing banks that customers placed in overdraft difficulties as a result of the dispute between members of BIEU (the bank employees' union) and the banks would be treated "sympathetically" in respect of charges, again highlights the disadvantaged position of the British banking public.

The conclusion of the recent report of the Bank for International Settlements of Basle that merely one-half of the United Kingdom's adult population has a bank account can be explained substantially by the uncompetitive and monopolistic state of the British banking market as compared with other developed nations such as the United States, France and Germany.

The United States has 14,500 commercial banks, France 400 and Germany 250; further, the United States has 5,000 savings banks and 22,500 credit unions, the respective figures for France and Germany are 490 and 600 savings banks, and 3,000 and 4,600 cooperatives.

While the British Banking Act 1979 ensures that the present cartel of eight will be perpetuated, the American

Depository Institutions Regulation and Monetary Control Act of 1980, which received the President's signature this month, provides for an increased degree of bank competition.

In order to achieve a more competitive banking market, the British public has merely the following, as yet untested remedies:

(a) under the domestic regulation of the Fair Trading Act 1973, and the Competition Act 1980 (when it forces), and (b) under Article 86 of the Treaty of Rome, which prohibits, in apt language, "any abuse by one or more undertakings of dominant position within the Common Market, in so far as it may affect trade between member states."

Given that our clearing banks operate in the competitive market of the United States, substantial retail outlets, which conduct sales of approximately \$144,000m, the British public has no realistic banking hours, services and arbitrary and unpublicized charges, seems quite untenable. Yours faithfully, A. J. HAXTON, Middle Temple Library, London EC4A 3DF, April 22.

Management burden on scientists

From Dr M. W. Fowler

Sir, As someone very much involved in attempting to bridge the technology transfer gap between the universities and industry, I have been intrigued to follow the articles and correspondence in your columns regarding the proposed Centre for Industry and Sciences. Already one can begin to see the start of the "bandwagon effect", finally brought to a head as far as the management of science is concerned by the letter (April 14) from Mr Philip Nead of the Foundation for Management Education stating a claim for management scientists in such a cause and going so far as to suggest that one of these should possibly be the first director of such an institute.

While practising scientists certainly need advice, help and support from economists and lawyers, the contribution of these latter is much reduced without the generation of new ideas, processes and products by the former. In our experience, the United Kingdom suffers not from a lack of in-

novation and inspiration, but from overmanagement and bureaucracy. The past together with the present has been criticised by Mr Nead almost unanimously that the whole operation is stillborn. It is instructive that the most successful companies in our own area of expertise, biotechnology, Hogen, Genzyme and Cetus, all run by highly entrepreneurial scientists, albeit with a high degree of entrepreneurial spirit. To these may be added examples from other parts of industry.

May I, Sir, make a plea to reduce some of the burden of management and the planning of science from my colleagues and so, enable us to research and develop our ideas more freely, which incidentally should come in this long run to provide resources to employ these other people. Yours faithfully, M. W. FOWLER, Co-director, Watson Unit, Plans Cell Biotechnology, Department of Biotechnology, University of Birmingham, Shatfield St, Birmingham B15 2TT.

The task is to 'produce cheap ICs'

From Mr E. H. Bleasdale

Sir, The remarks made by Mr John Halbert, president of the Machine Tool Trades Association, when speaking at a preview of Mach 80 (The Times, April 22) shows that his speech has a misapprehension of the microelectronics industry.

The microelectronic manufacturers' task is to produce integrated circuits (ICs) as cheaply as possible. To achieve this they design and produce a range of standard components which can be used in a wide variety of applications. They can then have long production runs and so minimize manufacturing costs.

The attraction of the microprocessor is that although it is a standard, cheap IC, the functions it performs are determined by software which controls its operation. The microprocessor user must have software produced which is specially designed for his product.

The need for British industry to be capable of designing and producing software for microprocessors was recognized by the previous government, which started the Microprocessor Awareness Project (Map), which is also supported by the present government.

An essential part of the Map is the provision of training for British engineers in the design of microprocessor-based systems. Unless the majority of British design engineers understand the microprocessor and how it works, then the products of British industry will be made obsolete by those of our competitors which use microprocessors successfully.

For the British machine tool industry to exploit the microprocessor, it must organize itself into using microprocessors either by having its own design engineers trained or by making use of microprocessor design consultancies.

An organization which fails to exploit microelectronics has only itself to blame. Yours faithfully, E. H. BLEASDALE, Managing Director, Frances House, Frances Street, London SW1, April 23.

Plutonium production in fast reactors

From Mr G. W. Blumfield

Sir, Professor Kitcher, in his letter (April 15) and his statements about "plutonium production and destruction in fast reactors" has only confused and misled the reader. It is strange that the truth should be considered as misleading.

He says that I was referring to "the production of plutonium which is over and above the large amount of plutonium produced in fast reactors and used to refuel them." I did this to avoid the complexity of dealing in detail with the amount of plutonium destroyed and produced simultaneously by the reactor.

The simple way of looking at the facts is that the fast reactor is loaded with a large amount of fissile material (plutonium) than is the case for thermal reactors (fast reactors or plutonium) but it produces less plutonium for a given output of energy.

Therefore the overall stock of plutonium in a country increases more from a typical thermal reactor than from the fast reactor, for example, 270 kilograms compared with 170 kilograms from an output of 1,000 megawatts for a year.

It is therefore possible to see these reactors so that there is no excess plutonium stock in the country and the major of the plutonium is in use reactors where it is inaccessible for other purposes. Also it can be used much more efficiently as incinerators of plutonium than thermal reactors. Yours faithfully, G. W. BLUMFIELD, Director, Engineering Nuclear Power Development Establishment, Thorne, Cuddesley.

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BY THE FINANCIAL EDITOR

Sharp contrasts in the money markets

are hardly happy days for the dollar, a combination of political events and rising United States interest rates could easily be worse. As far as the latter goes, suggested last week that dollar holders are going to have to make up their minds whether the fall in interest rates is going far too fast.

With three month certificate of deposit rates down to below 13 per cent New York prime rates are likely to move on their downward path over the next weeks — suggesting that the real of borrowing should be considerably crippling by mid-summer.

By contrast, the three month money rate London continues to hold stubbornly at 17 per cent. Longer rates may have come down appreciably over the past night, but short rates have eased only slightly. The shortages in the system are extremely large and the authorities in a strong position to call the tune for a moment.

As far as the present negotiations go on British contribution to the European Community, the implications for markets by substantial reduction in the United Kingdom contribution vary. Any resulting PSBR would, however, not necessarily have any impact on sterling M3, except in unlikely event of the "saving" being deployed in domestic expenditure, in a case the monetary effect would be small.

ential lation stions

Initial Corporation's accounts indicate the problems which inflation causes insurance companies. An increase in surplus of less than 10 per cent, to 1, was directly attributable to the poor performance of the general insurance division, premium income increased by 9 per cent to £416.7m, but claims rose by 9 per cent, and commission and expenses by over 8 per cent.

However, the life business—roughly twice as large as the general insurance, in terms of premium income—was not affected to any like the same extent. So a 17 per cent increase in premium income—despite sluggish performance from Vanbrugh's unlinked pensions business—and a 1 per cent rise in investment income was sufficient to offset 18 per cent commission and expenses and a 19 per cent increase in total claims, to leave a net increase in the ordinary industrial life businesses to profits of 10 per cent higher.

After such an increase in investment income can be maintained in a year in which interest rates start high—and in which there is no backlog of dividend payments to work through—is a question for shareholders and policyholders in the short term.

For the longer-term there is the question of her premium income could be maintained if any form of current purchasing adjustment were ever to be applied to the circumstances it is hardly surprising that a large part of the new investment during 1979 was in property and to property. As against a balance of £5,752.6m at the end of 1979, non-property investments had a market value of £7,510m.

Finally, of the Prudential's own 30.5 per cent are now owned by the companies and pension funds. At the City of London is soon going to be like the dog that chases its own tail.

Engineering

Correct
Onse
ession may be deepening but it's not odd and tears in the engineering at the moment as results from Morgan recently and Fosco Minsep, have shown.

Simon Engineering proved yesterday it is not impossible to maintain a

positive impetus so long as the management keeps its head and responds correctly to the indicators.

Simon has pushed profits up by 12 per cent to £18.5m despite a profits collapse from £3.8m to £1.7m in the manufacturing division due mainly to the engineering strike which cost £1m and a management problem, now apparently resolved, in one subsidiary.

The best performance has been the hitherto least important merchanting and storage arm. Here, profits have almost doubled to just under £6m. Simon's port and railhead facilities have benefited both from rising chemical prices and the management's early recognition of the opportunities available for this type of business in current conditions.

Now almost ungendered following last year's £11m rights issue, Simon is one of the few



Mr. Harry Harrison, chairman and chief executive of Simon Engineering.

group's in the sector actually capable of pursuing an expansionary line at the moment. It also looks to be one of the few genuine "buys" in the sector, especially in view of the shakeout which followed the cash-raising exercise. Up 3p to 235p yesterday the shares yield 6.9 per cent after a 23 per cent increase and represent only five times earnings. This is hardly excessive given Simon's spread and prospects of profits rising to around the £15m mark this year.

Bowater A confident air

After two years of static profits, Bowater is now going to have to prove that the heavy funding exercise in 1977—well over £100m from a rights issue, a Eurobond and a United States private placing—to finance a £270m capital spending programme over the last three years can bear fruit.

As it is the profits "breakthrough" the group is now talking about probably does not mean much more than an improvement of a tenth on last year's £91.3m. In the light of the potential scale of recovery on the Ralli international trading side, where slip-ups in the cotton market resulted in an £8m turnaround to losses of £2m last year, that does not say a lot for the underlying buoyancy of the mainstream paper and packaging businesses.

But at least Bowater's strength in the southern United States, where demand is growing much faster than elsewhere in the United States and raw material costs are lower, is enabling it to sail through the recession there for the time being.

The United Kingdom newspaper operations are still a headache and there are one or two other problem areas like carpets but the annual report shows that Bowater is now more prepared to take difficult decisions. The snag is that 1981 could turn out to be another trying year if all the planned newspaper capacity comes on stream. The financial position is much stronger however with borrowings down from 49 to 39 per cent of capital employed and now that capital spending has peaked that should not deteriorate this year. But the current cost figures, where profits drop to £51m, explain the group's dividend dilemma with last year's distribution covered only 1.3 times.

Tinkering with the machinery of government

Hugh Stephenson

One of the more surprising things about Mrs Thatcher when she became Prime Minister was that she resisted the temptation to which almost all incoming incumbents succumb—to play around with the machinery of government.

With the single minor change of putting the Department of Prices and Consumer Protection back inside the Department of Trade, the whole structure was left as found. Changes in the structure of Whitehall, when they are made, are normally justified in terms of some high falutin' theory of government. The reality is normally much more closely related to the political needs of the Prime Minister of the day in balancing the personalities in his or her Cabinet.

So the talk that has grown in recent weeks of the Department of Industry being merged back into the Department of Trade will, if it happens, in all likelihood have less to do with a government dedicated to "non-intervention" in industry doing away with the Whitehall's main interest in intervention, than with the political state of mind and health of Sir Keith

Joseph and his developing relationship with his erstwhile pupil, the Prime Minister.

The case for doing away with an independent Department of Industry is strong enough under this Government. It simply has less and less to do. By all accounts, morale within the department has been much reduced of late. The impression within the department, until very recently, seemed to be that the wider flights of revolution in industrial policy had been avoided. More recently, it seems to have become apparent that, although there has been no substantial overt change in the kind of industrial policy instruments available to the department (programmes under the Industry Act, for example, are not actually banned), in practice less and less money is available for them.

General morale gets affected in other ways when a department like industry finds that the government of the day is no longer interested in it. It is temperamentally hostile to much of what it is required to do.

It is not just that able men in the second half of their professional career, like Mr. Ron Dearling (who is going to the Post Office) and Mr. John Lippitt (who is moving to GEC), find outside offers strangely attractive. Their interests and talents have lain in using government influence and power to try to make things in British industry work better. Life loses its interest for them when they are asked to serve a government which believes that Whitehall's interest in these matters should be actively discouraged.

In the same way, Whitehall's younger talent rapidly concludes that a spell in such a department under such a regime will do nothing to improve career prospects. They find ways and reasons for joining or being drafted to other parts of the empire that are less actively dedicated to the proposition that the state should wither away.

If the case for a merger is strong there is also much to be said for the contrary view. For a Conservative government, elements of the present administration are curiously insensi-

tive to the importance of institutional continuity and tradition. The Department of Industry had by trial and error learned many lessons about the admittedly intractable problems of the relations between public sector, private sector and the government in the decade since 1970.

Mergers and abolitions have two effects. They destroy collective institutional knowledge and they ensure that much time and energy is taken up in managing the internal process of change itself. If, as it says it will, the Government sticks to its deflationary policies in order to deal with rising prices, it is as certain as night follows day that it will find itself increasingly involved in the problems of the private sector in the coming years.

It will find that it has destroyed most of the Whitehall expertise on industrial policy in the mean time. And, as so often in our curious British system, we shall start the process of learning all over again.

Industry balks at the rates burden

Ratepayers are digesting the implications of the demands which have been arriving since the beginning of the month, and although householders are appalled at the results it is business and industry which are raising the greater howl of protest.

That is because they are better organized, so that not only chambers of commerce but the Confederation of British Industry have added their weight to the protests.

The latest contribution has been from the CBI, which in a letter to Mr. Michael Heseltine, Secretary of State for the Environment, asked for a ceiling to business rates to prevent local authorities raising them to levels which would ruin the business. The CBI was so angry at the rate increases—44 per cent in Wolverhampton—that it has set up an investigation into the budget of the West Midlands County Council.

In the accompanying table it is clear that commercial and industrial rates, although the figures for 1979-80, which are an estimate produced by the Department of the Environment, should be treated with caution. If they are correct, they show that domestic ratepayers picked up an increased proportion of the bill.

Another comparison of the respective burden of the rates appears in figures published by the Centre of Environmental Studies. They indicate that in the last decade rates have remained virtually the same in real terms for the domestic ratepayer. As a percentage of personal disposable income domestic rates have varied between 2 per cent and 2.2 per cent.

Non-domestic rates as a percentage of gross domestic product (gdp) increased steadily from 2.3 per cent in 1966 to 2.7 per cent in 1975, and down to 2.5 per cent in 1976, the latest year for which figures are available in this form.

The increase in domestic relief through government subsidy to cushion rate increases for the householders, helped to increase the burden on industry and commerce. From 5p in the pound in 1973-74, domestic relief shot up to 18.5p (England) and 36p (Wales) in 1975-76. Since then it has remained the same, which explains why each successive year the average rate increase

has been greater for domestic ratepayers.

For the year 1980-81, the average increases are 23 per cent for commerce and industry—which will push their contribution well over £4,000m to £7 per cent for householders.

That is the burden, but is it too much? In 1976 the Layfield report on local government finance acknowledged that the relative burden for commerce and industry had gone far enough, not simply because it was unfair, but because it was making the rates less of a local tax.

There is one obvious alleviation of the collective misery of commerce and industry; non-domestic rates are an allowable expense for corporation tax and income tax.

A less obvious "cushion" is the fact that companies can pass on increased rates in costs to the customer. The matter was asked by Professor George Jones, Professor of Government at the London School of Economics, in an address to the Rating and Valuation Association conference 18 months ago. Professor Jones argued that non-domestic rates were passed on in price to the consumer, mostly by people with no connection with the area in which the tax was levied.

"Industry and commerce do not in fact pay rates; rather they collect them from householders and pass them on to local authorities."

The argument might not make Professor Jones too popular with commerce and industry, but the point he was making was that the rates should be transformed into a national tax. Commerce and industry as such have no voice in local affairs, no vote in local elections, and this "taxation without representation" was causing a loss of local accountability and encouraging irresponsibility by local authorities.

This in part explains why the CBI is taking a closer interest in council budgets. At least the Government is doing something to cushion the blow. The Local Government Planning and Land Bill, which should be law this summer, contains a clause giving the right for businesses, within certain reasonable value limits, to pay their rates by instalments.

Christopher Warman

THE RATE BURDEN 1975-1980 (£m)

	1975/76	1976/77	1977/78	1978/79	1979/80
Domestic	1,471 (20%)	1,648 (20%)	1,828 (21%)	2,100 (24%)	2,806 (24%)
Non-domestic	2,266 (31%)	2,806 (35%)	2,749 (32%)	3,100 (36%)	3,500 (30%)
Total rate	3,737	4,454	4,577	5,200	6,306

Sources: Professor George Jones; Department of the Environment.

Business Diary: Gatt's Arthur Dunkel • BP for the Cup

Dunkel, who is to from Oliver Long as several of the Geneva tariff talks, is third leader the world by his had, and at 48 best by far, a Swiss, is known as a tough, yet affable negotiator. He has represented Switzerland since 1960, became head of the European Economic Community in 1974, and has been in charge of the policy department in the Swiss permanent five to Gatt.

He became Swiss delegate for trade negotiations, and ambassador in charge of the policy department in the Swiss permanent five to Gatt.

Swiss delegations to round and to successful conferences. Gatt, could hardly have been qualified candidate.

ization is riding high after the fair the long-drawn-out deal but Dunkel will stamina and skill old trade through old protectionism, always stayed cool early-morning sessions for United States a substitute for levelling.



Hull Kingston Rovers/BP's Mike Smith.

game. Management has tried to release as many as possible so there should be a spate of "grandmother's funerals" as Smith coaches the Salt End

● The TUC, as Business Diary reported last week, is trying to find out who in this country sells Red Coats. This is a brand of lettuce grown by the strike-breaking Californian firm of Bruce Church Inc, which the TUC would like to boycott.

Reader A. F. Savage of Enfield writes to say a Red Coat came to light in the local Salisbury's store where it was bought in mistake for a white cabbage. The Savages did not eat it because they think lettuce not worth eating at this time of year. Even their tortoise sniffed at it, for reasons "more to do with the recent cold weather than an awareness of official TUC policy."



Hull/BP's Keith Tindall.

factory team, but his bosses say that support for his and Tindall's side is evenly divided. Either way, they intend to celebrate in Hull on Saturday night.

● Belgium is a risky place to die, the European group of consumer organizations (Beuc) has discovered. Funeral services cost twenty times as much in some parishes as in others and the consumer (or in this case, supposedly, the next of kin) has no chance to shop around.

Funeral expenses are monopolized by local authorities. Some communities insist on competitive tendering (even so a Belgian funeral seldom costs less than £700) but others have left their contracts with high-priced firms for decades. Belgian consumers want government-fixed maximum and minimum funeral prices.

● An interesting visitor to Macao 80, Britain's biggest ever machine tool exhibition at the National Exhibition Centre, is Stef Wertheimer, an Israeli MP, a former British army soldier and former chief armorer to a Jewish resistance group in the 1940s.

Wertheimer is founder and head of the Iscar group, a £30m a year metal manipulating operation at Nahariya, only six miles from the Lebanese border.

A refugee from Germany in 1937, he started by making tools on machinery rented by the hour from a kibbutz.

But at a time when he could be enjoying the fruits of his pioneering, Wertheimer is busy campaigning. He joined the Knesset three years ago and has just made the long-awaited breakthrough — the MP's approval for the establishment of two "garden cities."

He says Israel's agricultural economy has given way to a mixed agro-industrial set up. Wertheimer wants this replaced by an economy orientated to private industry.

The latest joke going the rounds of the money managers: Doctor tells a heart transplant patient that he can offer him three hearts — one from an athlete, one from a young housewife and one from a 65-year-old central banker. Which would he like?

Patient: That of the 65-year-old central banker, please.

Doctor, in surprise: Why?

Patient: Because I know it has never been used.

Ross Davies

ROCKWARE

Rockware Group Limited 1979

- Higher dividend at 9.5p per share compared with 8.5654p for 1978.
- Major advances in the Plastics Division achieved on an international basis.
- Kingspeed has been pruned and reorganised.

£000's	1979	1978
Sales	143,251	108,419
Profit before tax	5,184	7,019
Profit after tax and minority interests	4,488	6,095
Ordinary dividend	9.5p	8.5654p
Earnings per share	20.20p	27.55p

"A disappointing year with substantially lower results largely due to a £3m loss as a result of the road haulage strike, a poor summer and low Christmas demand. Many of the economies we have actioned in 1979 will bear fruit in 1980. This will strengthen Glass. At the same time we have significantly broadened the packaging base of the Company at home and abroad.

In the current year we should greatly improve on our 1978 performance, given reasonable industrial relations and without national stoppages, which have such destructive effects on all industries."

J.H. Craigie Chairman.

ROCKWARE

Rockware Group Limited

Annual General Meeting 3.00pm 21 May 1980
Winchester House Hall 14 100 Old Broad Street London EC2

FINANCIAL NEWS

Stock markets

Oils, properties and gilts lead the way

Activity in oils, properties and gilts dominated the first day of the new account, which opened better than dealers expected after Friday's sharp falls. Wall Street's Friday close, which had taken the news from Iran less dramatically than expected, gave a fillip to Government stocks, while the equity market recovered some of its losses. The FT Index to recover more than half of Friday's 7.3 fall.

Worries over oil supplies from the Arabian Gulf boosted oil stocks, and buyers rushed in where North Sea interests predominated. In the hope of reduced prime rates from the United States, which materialised at 3.00 pm with Morgan Guaranty's announcement of a 1 per cent drop to 8 1/2 per cent, properties surged forward with a stampede for both leaders and secondary stocks, according to dealers.

Gilts dealers also reported that the strength of sterling, which was at \$2.285 in the afternoon, helped them to regain some of Friday's falls. After opening £1 up in two-way trading, longs peaked at £1 1/2 and saw gains of around £1 by the close.

Shorter-dated stocks also saw gains of about £1, which made them better than at Friday's opening. After hours trading saw mixed £1 movements while longer-dated stocks, which were unchanged, saw the equity market held on to most of its gains after the close of official trading, although some gold shares softened a few cents, as the bullion price dipped at \$2.285 in New York.

By the close, the FT Index stood at its highest point of the day at 432.1 up 4.6.

The industrial leaders saw stock prices dragged up by the buying in government stocks, and oils in a day which dealers described as buoyant but thin.

Early on, ICI led the way on

the back of its North Sea interests, and its on-shore production ability, but the buying petered out after noon although the price held up at 362p, an 8p gain.

Takeover talk has pushed the price of London Ship Property Group to a year's "high" of 89p. The group is under the same management as Beaumont Property and formerly shared Sir Cyril Black as chairman. Stancliffe Todd & Hodgson, reckoned moves for either, or merger of the two, should not be ruled out.

Unilever also had a promising start, and gained 5p to finish at 4.84. Many of the other blue chips witnessed the same sequence of events, including Fisons at 27p, a gain of 2p. Beecham, which added 3p to 118p and Reed which gained 1p to 190p despite the threat to its newspaper and magazine interests posed by the NGA dispute.

Oils recovered many of last week's losses, and new account buying was seen in some of the second liners.

BP and Shell both gained

10p, to 330p and 342p respectively, while Tricentral saw one of the bigger jumps to 336p, 12p up. Burmah, which went ex-dividend yesterday, added 1p to 198p, and Lasso, up 15p to 563p, was encouraged by continuing rumours of a bid from the German Deminor group. Carlisle Capel and Leonard rose 5p to 103p because of its North Sea connections, and while the volatile Siemens went up 25p to 712p, Premier gained 3p to 76p and Ultramar saw a 16p gain to 616p.

In shipping, Furness Withy gained 1p by the close following the news that the CY Tung bid had gone unconditional, and as fears of a Monopolies Commission investigation faded. P & O, which has results due next week, rose 5p to 121p while European Ferries provided the main feature among second-rankers by spurring 18p to 121p, awaiting confirmation of two lucrative property deals in the United States.

Reverex gained 6p on the near-30 per cent stake acquired by Yule Carr, and Howard Tenens added 7p to 61p on the success of its rights issue. Provincial newspapers had a dull day, with the dispute influenc-

ing prices, although Associated Newspapers gained 2p to 273p because of its North Sea interests. Tarmac, whose results are due today, gained 4p to 228p in anticipation, while Henry Boot, with figures out on Thursday, was unchanged at 110p. Vosper, which is fighting for its shipbuilding compensation, saw a 5p increase to 133p.

In electricals, GEC gained 6p to 370p following the market trend and Rascal added 3p to 235p. But Thorn EMI dipped 8p to 292p, following the EMI loss reported last Friday.

Among the engineers, GKN went up 4p to 271p, Tubes added 2p to 242p, and Metal Box rose 4p to 256p. Trading news helped Brook Street Bureau to add 3p to 68p, while good results boosted Nurdin and Peacock 6p to 116p. Fosco Munsey rose 3p to 148p as its results matched expectations, and Estates and General Investments, which topped the magic £1m mark gained 3p to 38p. Simon Engineering added 3p to 235p on impressive figures.

Properties forced ahead as the institutions once again took interest, and increases were seen throughout the sector with the gains coming before the news of reduced prime rates.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
£m	£m	pence	pence	pence	date	total
Alfred Plant (F)	10.6(3.3)	1.2(0.47)	7.94(4.27)	0.87(0.45)	8.7	(—)
B & I (F)	8.4(0.7)	0.57(0.48)	14.8(22.9)	2.6(2.52)	20.5	4.0(3.9)
Brook St Bureau (F)	25.8(20.1)	2.71(1.91)	12.3(8.91)	3.0(2.22)	14.3	4.1(4.1)
Edwin & Co (F)	4.1(3.62)	1.03(0.88)	3.4(2.9)	0.85(0.70)	4.7	1.4(1.2)
Fosco Munsey (F)	22.5(20.2)	7.0(5.4)	24.3(18.9)	3.7(3.13)	4.7	6.4(5.24)
Nurdin & Peacock (F)	22.5(23.8)	7.0(5.4)	24.3(18.9)	3.7(3.13)	4.7	3.5(2.05)
Sirion Eng (F)	4.2(3.5)	0.36(0.43)	4.2(3.5)	2.0(2.0)	1.7	11.3(9.05)
Warwick Camera (F)	324.0(236.0)	18.5(1.8)	96.0(39.3)	15(11)	—	15(11)
Yorklyde (F)	3.8(3.3)	0.23(0.28)	32.3(34.6)	13.5(—)	—	13.0(3.4)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.425. Profits are shown pre-tax and earnings are net.

Cash injection follows loss at Youghal Carpets

By Peter Wilson-Smith
Youghal Carpets (Holdings), the struggling Cork-based carpet maker, has received a major capital injection of £1.5m following a return to losses in the second half of 1979.

Youghal negotiated a financial package with its bankers only last June, but without further financial support, the future of the group's six manufacturing plants in Ireland, employing 2,200 people, would have been in jeopardy.

As it is, Youghal has announced measures which include 160 redundancies. Most of these are at the group's weaving plant in Co. Cork, which made heavy losses in 1979.

The group results for 1979 will be published next month, but for the second year running, no dividend will be payable on the ordinary shares.

Inquiries launched after criticism of auditors

Following the critical Department of Trade reports into the affairs of Ozalid Group Holding and the two liquidated companies, Burnholme & Forster and Brayhead, two committees of inquiry have been appointed to look into matters arising from the accounts.

The most active stocks according to Exchange Telegraph were: Burmah, European Ferries, BP, Lasso, P & O, ICI, Shell, Tricentral, BTR, Barclays Bank, BAT Industries, GEC, RIZ, Premier and Ultramar.

In stores, Boots added 2p to 183p, while House of Fraser gained 4p to 137p on the news of boardroom battles. Marks & Spencer rose 1p to 88p.

Equity turnover for April 25 was £101.59m (number of bargains 14,641). The most active stocks according to Exchange Telegraph were: Burmah, European Ferries, BP, Lasso, P & O, ICI, Shell, Tricentral, BTR, Barclays Bank, BAT Industries, GEC, RIZ, Premier and Ultramar.

Allied Plant surges ahead

By Michael Clark

A strong all-round performance set against industrial stocks and the weak economy, Allied Plant Group, which doubled its profits in 1979, has surged ahead.

The group's profits in 1979 rose from £1.2m to £2.4m, a 100 per cent increase. In 1979, Allied Plant Group, which doubled its profits in 1979, has surged ahead.

Explaining the need for funds, chief executive Mr J. R. Hyland said: "The trading situation being experienced by the carpet industry has never been worse."

He said that Youghal had also suffered from high inflation and interest rates, and was having to pay an average 18 per cent on its debts, which comfortably exceed shareholders' funds.

In the first half of 1979, Youghal turned round from a £1.05m pre-tax loss to a profit of £739,000 but the trend was reversed and losses were incurred into the first quarter of 1980.

The group's performance in 1979 was a credit to the management, forming part of a group of companies, Allied Plant Group, which has been successful in the past.

Expansion of its Adapta range units, used for portable accommodation, have been planned with increased demand while the structural steel division was able to maintain output in spite of the steel strike and depressed market conditions.

Martlet directors nearly ready to bid

By Philip Robinson

Directors of DTV group Martlet, who plan to buy their own company from the receiver of collapsed parent group, Dumbarton, are nearly ready to make a bid by the end of the week.

As a preliminary move, Mr Peter Lewis, Martlet's chief executive, announced today that he had resigned after 10 years on the DCM main board.

"I didn't want there to be any conflict of interest," he said. "We hope to be able to offer the receiver some kind of package by the end of this week."

But the five directors of Martlet have some stiff competition. The receiver has already accepted a bid from the Dumbarton Group, which is believed to be worth nearly £5m.

Martlet began working on a bid for Dumbarton in 1979, when Dumbarton was put into receivership. It was intended to buy Martlet as a separate company last autumn.

Last Thursday Mr Lewis announced that he and his four fellow directors were involved in a bid to buy Martlet. They are using their houses as guarantees in an attempt to raise enough cash.

Mr Lewis said: "If we buy the group and it goes wrong, we will have no share to live. But we have no choice. It is a matter of life or death."

Setback at S Lyles

By Our Financial Staff

S. Lyles, the Devon-based carpet spinners and dyers, saw profits fall by a fifth to £35,466 in the half-year to December 31, 1979.

Mr John Lyles, the chairman, warned shareholders that lower profits are also expected in the second half of its last full year, the group made 1982-83 pre-tax profits of £12,000.

Despite the setback, the group has maintained the 1979-80 dividend payment of 2.5p a share, and declared that it has not lost faith in long-term prospects for its high quality yarns.

In the interim period between turnover rises 23 per cent to £43m, while exports improved marginally to £2.5m.

But the chairman says that in the current period, while exports have continued at a high level, the group has become more difficult.

Bridon borrowings jump

The unexpected downfall of wire rope-maker, Bridon's, Ashlow engineering subsidiary has left its mark on the group balance sheet. At December 31, the group had shareholders' funds of £28.9m, against £94.4m; long and medium-term loans had risen from £25.9m to £131.6m and the group's bank loans and overdrafts were £113.7m.

Ashlow was largely responsible for the fall on group profits from £12.1m to £3.99m in 1979-80, a loss of £8.11m under IAS.

Seminar on traded options

The Stock Exchange thinks that not many member firms or their clients know much about the ways now being going for two years.

To overcome this, Mr Peter Stevens of broker Laurie, Millbank, chairman of the Stock Exchange traded options committee, and a host of other leading market makers, will hold a seminar, probably at Winchester House at 3.45 pm on May 14 and 15.

Two obvious themes will be the Chancellor's decisions in tax on traded options, and the impact of the new rules on the market, and yesterday's lowering of charges.

Bank Base Rates

17 1/2

17 1/2

17 1/2

17 1/2

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17 1/2

A significant presence in world insurance

Prudential Corporation Chairman Ronald Owen reports higher profits, higher dividend.

The Prudential Corporation, formed at the end of 1978, is a major insurance group providing services in the United Kingdom and in many countries overseas. The first year of operating under the new corporate structure has gone well. We are establishing a clearer distinction between the requirements of overall group management and those of the trading subsidiaries, leading to more effective management.

Results for 1979

The Group's profit for the year at £45.6m is 10.7% higher than in 1978. Dividends declared for the year amount to 9.5p per share, almost 19% higher than last year. This leaves £17.3m retained to support the growth of the business.

The individual life and group pensions business of Prudential Assurance in the United Kingdom developed most satisfactorily. There was a strong flow of new business, and the higher return from investments enabled policyholders' increases to be made in bonuses to policyholders.

The life business of Mercantile and General developed well, and the business of Prudential Pensions continued to expand and increased its profit. Vanbrugh showed a welcome return to profitability in 1979.

The results of the General Insurance business were disappointing. Although Prudential United Kingdom domestic business improved, the indexation of sums insured will not be completed until the middle of the year, and the account continued to be unprofitable. The United Kingdom motor account produced slightly higher losses than in 1978, due to a number of factors including the increase in VAT. As a result, premiums were further increased in February this year.

For Mercantile and General, the profit after tax on General Insurance showed a reduction, reflecting a more normal level of taxation and some deterioration in underwriting results.

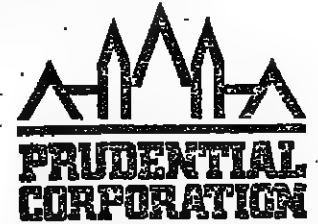
Finance for small companies

The view that a creative small company sector must be encouraged is now widely shared. We are very willing to commit funds to this area provided that we can use sensible commercial criteria in selecting recipients, and it is probably best if the investments are made through specialised institutions. We have made a number of investments in such intermediaries already and are currently investigating other possibilities. In addition, in the field of property investment, we are financing a number of industrial estates consisting of "nursery units" suitable for small new enterprises.

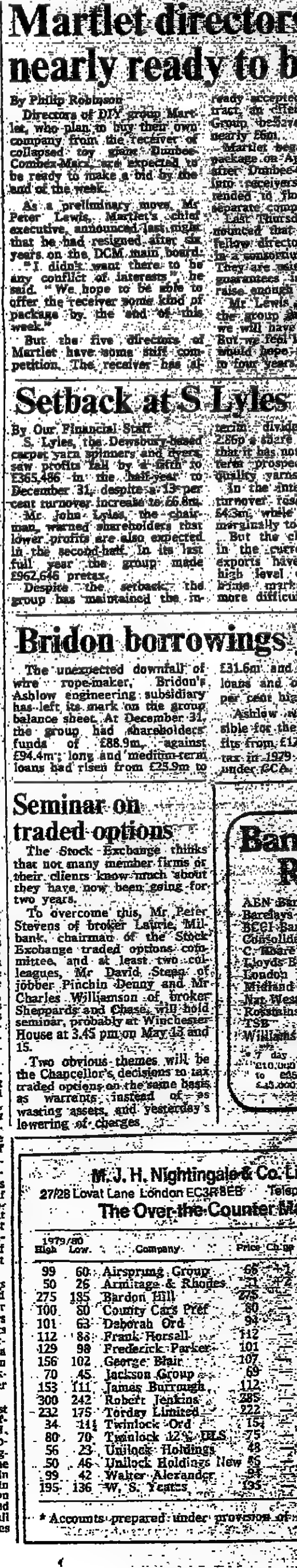
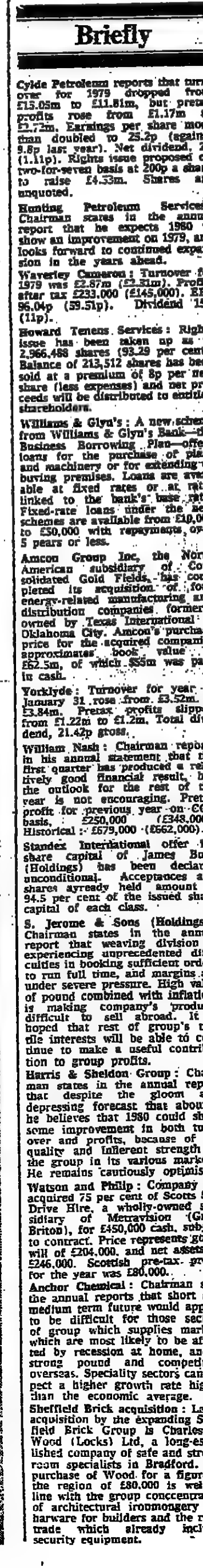
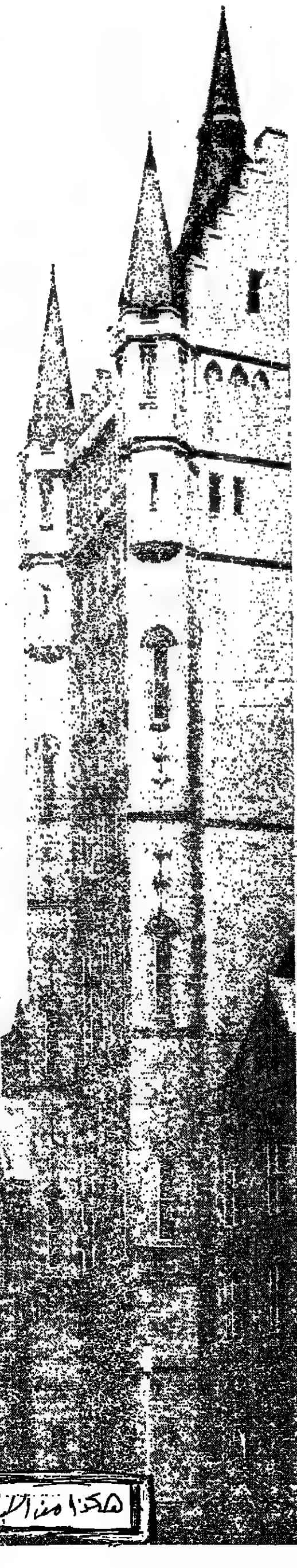
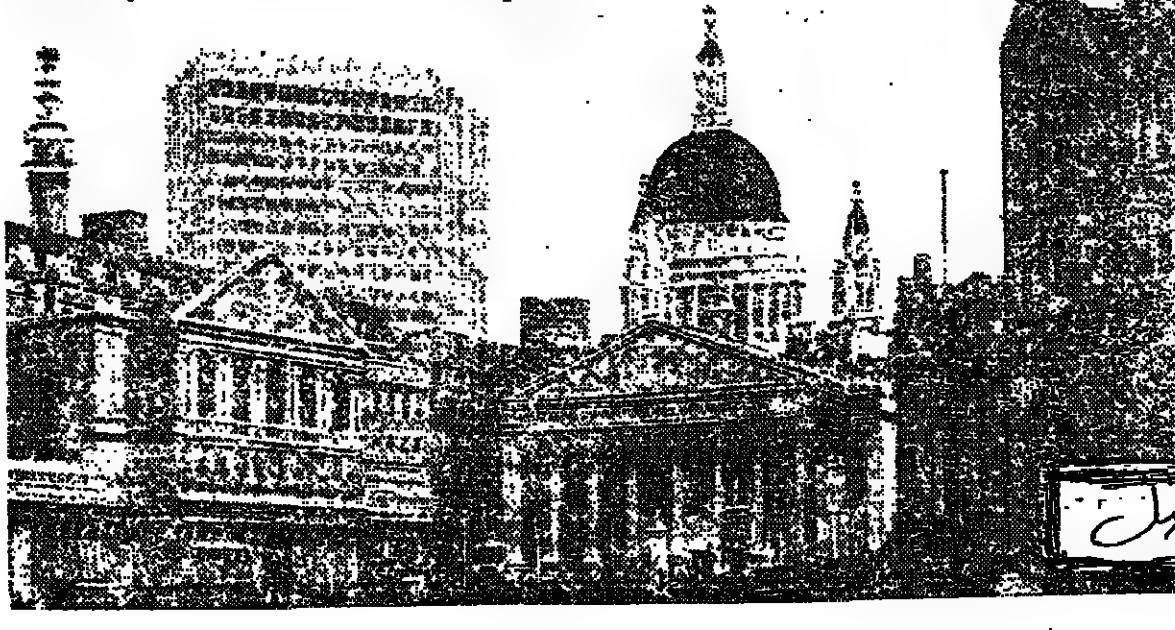
Newman Industries case
Shareholders will have read of the success of the High Court proceedings taken by Prudential Assurance in relation to the affairs of Newman Industries, a company in which we were a leading shareholder, when the cause of action arose in 1975. It is rare for our concern at the conduct of a company's business to lead to a court hearing, but the case has shown that legal action may be more effective than an inquiry by Department of Trade Inspectors, whose powers are probably more restricted than the High Court's.

Life assurance premium tax relief
1979 saw a major revision in the method of granting tax relief on life assurance premiums. The reason for the change was to simplify the PAYE system for the Inland Revenue. It has therefore been disquieting to hear recent suggestions that life assurance premium relief might be phased out, and we are glad to learn that the government has reaffirmed that premium relief will continue.

New appointments
It is my intention to relinquish the post of Chairman after the Annual General Meeting. The Boards have announced their intention of electing The Right Hon Lord Carr of Hadley PC as Chairman, both of the Prudential Corporation Limited, and of the Prudential Assurance Company Limited. Lord Carr has had a most distinguished career, having been Home Secretary and Secretary for Employment, besides substantial experience in business. The Boards also intend, subject to his election as a director, to appoint Geoffrey Haslam a Deputy Chairman. Mr Haslam was Chief General Manager of Prudential Assurance from 1974 to 1978 and in 1979 he became the first Chief Executive of Prudential Corporation.



A copy of the Report and Accounts is available from the Secretary, Prudential Corporation Limited, 142 Holborn Bars, London EC1N 2NH.



FINANCIAL NEWS

Had winter
outs Nurdin
Peacock
Opc ahead

Michael Clark
The rest of the country
ered and sneered last year
the worst winter in quite
a time, and carry
p Nurdin & Peacock, was
ing full advantage of the
tion.

etax profits for 1979 rose
er cent to £7m being attri-
d to the public's return to
use of the small corner
by Mr W. M. Peacock, the
p's chairman.

said that while the coun-
remained in the grip of
arctic conditions, the ave-
housewife was apt to use
smaller local shop rather
risk the treacherous con-
is. As a result, the group
reaped an excellent start
a year and pretax profits
a half-way stage expanded
£1.5m to £2.3m on sales
though the group's per-
centage in the second half
d off slightly, sales over-
sage by 18 per cent to
im.

Peacock reported that
the group's wine and
business made good pro-
it was the group's policy
ouaging its retailing cus-
to stock bigger ranges
of food items that eased
secure on margins caused
high-street prices var-
nal dividend of 3p gross
posed, making a total
year of 5.14p compared
1.66p last year. In addi-
he board has completed
ations for a staff share-
pation scheme which
ear will cost the group
10 or roughly 5 per cent
fit before tax.

ing to the current year,
nirman reports an en-
ing start, despite the
ect price war, and he
ful of again producing
sales and profits for the
ar.

In given added force by
fition of two new bran-
ne to open next month
other year, which
ke a total of 28 branches

Foseco edges up 6 pc

By Richard Allen
Sterling's strength, and
management problems in a
relatively minor subsidiary,
Minsep's results for last year,
Even so, the group managed
to keep profits moving ahead
with a 6 per cent rise to £14.4m
pretax. The group estimates
that profits would have been
about £1.3m higher if exchange
rates had remained stable in
the 150 countries in which it
operates. However, declared
profits would have been about
£500,000 lower but for the
switch from year-end to average
exchange rates.

On a divisional basis, Foseco,
supplying steel and products
for steel-making, fared the

best, pushing up trading profits
12 per cent to £16.7m. In the
current year the BSC strike is
not causing too many qualms,
thanks to compensatory
increases in production in
major markets like Germany
and France.

The Foseco subsidiary, which
supplies applications for con-
struction, saw trading profits
advance 7 per cent to £4.7m,
and this year the group expects
to counter recessionary condi-
tions, with new developments
overseas and continuing
investment in strong mining
industry markets—particularly
in the United States and South
Africa.

The only blot was the
Fosmin pitshoot, where trading

profits plunged from £920,000
to £289,000, entirely as a result
of management and product
problems in Fosmin Chemicals.
Management changes here are
expected to produce a signifi-
cant recovery in the current
year.

The group is paying a final
dividend of 5.37p gross, to lift
the total payment by a fifth to
9.157p gross.

Meanwhile, the group is still
on the lookout for acquisitions
in the United States, Germany
or the United Kingdom. Given
the ACT problem which
emerged last year—irrecover-
able tax amounted to £2.7m—it
is a strong bet that the group
will be looking to buy United
Kingdom earnings.

Talks on bid by BSR
at advanced stage

BSR, the record changer to
electronics group whose share
price has been supported by
hopes of a takeover bid, is on
the acquisition trail itself.

Mr John Ferguson, chairman
of the group, whose profits
slumped £11m to £3.6m last year,
slipped after the annual meeting
yesterday that BSR was at an
advanced stage of talks to buy
another company. But Mr Fer-
guson declined to reveal further
details. He said the talks were
in line with his message to
shareholders that the group
was "endeavouring to broaden
our base into the field of elec-
tronics".

Future expansion will come in
specialized recruitment in the
United Kingdom, and possibly
in Europe.

First-half profits for 1980 will
contain no surprises, according
to Mr Eric Hurst, the joint
chairman.

The gross dividend has risen
to 5.91p, giving a yield of 8.7
per cent at 68p.

In his annual report, Mr
Ferguson made it clear that
current trading prospects were
not at all encouraging. He
told shareholders: "Since
then events have made the
pound even stronger against
the dollar and the Yen, con-
vincing nearly all economists
that the economy of the United
States—our major market—is
now in a recession of some
consequence and have strength-
ened the arguments in favour
of those who think that the
prospects for an early downturn
in the rate of inflation in this
country are not at all hopeful".

Borrowings are understood to
be nearly £6m. In the past year,
ordinary stockholders funds
rose from £9.18m to £9.61m. A
final dividend of 0.85p makes a
16.7 per cent increase to 1.4p
net, or 2.0p gross. The initial
market reaction was to mark
the shares up 3 1/2 to 3 3/4, but
the property sector itself was
strong.

Pretax profits this year will
depend in part on interest
rates, and in part on the
increase in the rent roll. This
jumped last year from £492,000
to £1.1m. It is now, thanks to
reversions around £1.3m. Rever-
sions continue, and the out-
come this year could be around
£1.6m.

Brook Street 42 pc ahead

Brook Street Bureau, the sec-
retarial agency which is expand-
ing into more specialized
sectors, saw pretax profits rise
by 42 per cent to £2.71m in the
year to December 31 last year.
Turnover rose 28.6 per cent to
£25.8m.

Most of that growth came
across the board in the UK. The
Australasia business has at last
improved its performance, ris-
ing from three years of loss to
an £54,000 operating profit.

The United States interests con-
tinued to "plod along", pro-
ducing a small profit.

Future expansion will come in
specialized recruitment in the
United Kingdom, and possibly
in Europe.

First-half profits for 1980 will
contain no surprises, according
to Mr Eric Hurst, the joint
chairman.

The gross dividend has risen
to 5.91p, giving a yield of 8.7
per cent at 68p.

Bank of Scotland and home loans

Bank of Scotland, which
the housing market last
year, has seen a significant
of new loan proposals,
Lord Clyde, the gov-
ernor, in his annual
report, points out that home
loans in Scotland are only
one part of the bank's
portfolio, and the bank man-
age in the extension of
ownership in particu-
larly council tenants of local
councils and new towns.

Bank has only recently
the in-store credit
and is now running
for several companies.
Marks & Spencer and
J. & J. De Beers.

Bank of Scotland has
a conservative policy
treatment of deferred tax
year did not release
40 per cent of de-
v to reserves. After the
ratio of free capi-
tal and notes is
cent, but the bank has
stock and this, says
desmair, strengthens
trial for improvement
need arises.

Estates hopes

increase

el Mobbs, chairman of
states which produced
profits last year, tells
his yearly
at its utility division
continue in the red
site particularly diffi-
cult, with high
use likely to persist.
r profits should show
use.

nd DeBeers

s Gold stake

merica Corporation
frica and De Beers
d Mines have no
plan to raise their
me 25 per cent in
a Gold Fields, and

in any case will not buy over
29.9 per cent, a joint statement
from the three companies said.

Anglo American and De
Beers have repeated their
assurance that no changes in
the control of management of
Cons Gold will be sought.

However, discussions are taking
place for Anglo American rep-
resentation on the Cons Gold
board, it added.

Needlers buys Surrey
sweet maker

"Needlers has acquired Dick-
son Orde for £330,000
cash. Dickson Orde, which is
based at Farnham in Surrey,
makes and distributes a range
of confectionery in the United
Kingdom and Ireland under the
brand name "Festoon".

The profits before tax of the
continuing operations of Dick-
son Orde for the year to
October 31 were £73,000 and the
net tangible assets at that date
were £215,000. At the same
date Dickson Orde had cash
balances of £129,000.

In the current year, Dickson
Orde is trading satisfactorily
and, at increased level of
profitability.

Turner & Newall in
Australian sale

Turner & Newall has agreed
in principle to sell to James
Hardie Industries, T & N's 40
per cent minority holding in
Hardie-Ferodo in Australia,
thus making it a wholly-owned
subsidiary of James Hardie.
The consideration will be A\$4.42m,
A\$4.42m, paid in cash.

Valid acceptances have been
received representing £25,075m
existing ordinary stock, 93.55
per cent (of which, acceptances
representing £566,520 were for
the loan note alternative) and
in respect of 130,537 preference
shares of Furness Withy 87.06
per cent. The offers will remain
open for acceptance until fur-
ther notice. The loan note alter-
native is no longer available.

Private insurance
group climbs 21 pc

Family-controlled, Frizell
Group—the largest private in-
surance broker in the United
Kingdom—outstripped many of
its quoted counterparts in 1979
with a 21 per cent rise in pre-
tax profits to £2.67m.

In contrast to the quoted
brokers, many of which rely
heavily on overseas business
and have suffered from the
strong pound, Frizell receives
most of its income in sterling.
The group's largest profit
source is "Motor & General".
Frizell remains confident about
the future.

RETAIL SALES

The following are the figures for the
volume of retail sales released by the
Department of Trade.

Sales by volume (seasonally
adjusted) 1971-1980

1979 100.7 -11

1st Qtr 100.7 -11

2nd Qtr 100.7 -11

3rd Qtr 100.7 -11

4th Qtr 100.7 -11

1980 103.3 (prov) -19 (prov)

1st Qtr 103.0 -19

2nd Qtr 103.0 -19

3rd Qtr 103.0 -19

4th Qtr 103.0 -19

1980 103.3 (prov) -19 (prov)

1st Qtr 103.0 -19

2nd Qtr 103.0 -19

3rd Qtr 103.0 -19

4th Qtr 103.0 -19

1980 103.3 (prov) -19 (prov)

1st Qtr 103.0 -19

2nd Qtr 103.0 -19

3rd Qtr 103.0 -19

4th Qtr 103.0 -19

1980 103.3 (prov) -19 (prov)

1st Qtr 103.0 -19

2nd Qtr 103.0 -19

3rd Qtr 103.0 -19

4th Qtr 103.0 -19

1980 103.3 (prov) -19 (prov)

1st Qtr 103.0 -19

2nd Qtr 103.0 -19

3rd Qtr 103.0 -19

4th Qtr 103.0 -19

Estates &
General
tops £1m

Estates & General Invest-
ments, which is effectively con-
trolled by Mr Peter Prowling's
private housebuilding concern,
Prowling Holdings, pushed pre-
tax profits up by one fifth past
the £1m mark to £1.03m last
year. Turnover rose from
£3.62m to £4.14m. The rise in
pretax profits came after a
jump in interest payable of
£424,000 to £840,000 and took
in a full year of County and
Suburban Holdings.

Borrowings are understood to
be nearly £6m. In the past year,
ordinary stockholders funds
rose from £9.18m to £9.61m. A
final dividend of 0.85p makes a
16.7 per cent increase to 1.4p
net, or 2.0p gross. The initial
market reaction was to mark
the shares up 3 1/2 to 3 3/4, but
the property sector itself was
strong.

Pretax profits this year will
depend in part on interest
rates, and in part on the
increase in the rent roll. This
jumped last year from £492,000
to £1.1m. It is now, thanks to
reversions around £1.3m. Rever-
sions continue, and the out-
come this year could be around
£1.6m.

The gross dividend has risen
to 5.91p, giving a yield of 8.7
per cent at 68p.

First-half profits for 1980 will
contain no surprises, according
to Mr Eric Hurst, the joint
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Business appointments

Joint group
managing
directors
for Lucas

Mr A. K. Gill and Mr J. V.
Wilkinson, divisional managing
directors, are now joint group
managing directors of Lucas In-
dustries. Mr J. W. Shield, director
and treasurer of Lucas Industries,
will have widened responsibility
for group financial control and
administration and becomes fi-
nancial director and treasurer, Lucas
Industries.

Mr C. P. D. Davidson becomes
a non-executive director of BPM
Holdings. The board has also
elected Mr R. P. R. Hiffe as
deputy chairman.

Mr Jackson Taylor has been
elected chairman of Jackson
Taylor International.

Mr Robert M. Lambie has been
appointed a director and becomes
group managing director of Jack-
son Taylor Executive Consultants.

Mr Adrian C. W. Taylor has been
appointed managing director of
the Manchester office and Mr Paul
Sinha has been made a director.

Mr Antony J. W. Taylor has been
appointed managing director of
Intertrust Placements.

Mr Tim K. Posner is now a
director on the board of Stephens
& Carter.

Mr Peter Goldman has been
made a new part-time member of
the Monopolies and Mergers Com-
mission. He has been director of
the Consumers' Association since
1961.

Mr B. R. Sutcliffe, previously tech-
nical director, has been made man-
aging director of Thomson North
Sea in succession to Mr I. M.
Clubb who has become financial
director of Thomson British Hold-
ings and chairman of Thomson
North Sea.

Mr A. D. D. Rumble
and Mr J. Darby have joined the
board of Thomson North Sea as
commercial director and technical
director respectively. Mr G. P.
Mitchell continues as financial
director.

Mr Peter F. Hazell has been
admitted to partnership in Deloitte
Haskins and Sells Management
Consultants.

Mr A. J. W. S. Leonard has
joined the board of the Chelsea
Building Society.

Mr John F. Richardson, a deputy
general manager, is to succeed
Mr Kenneth Rushworth as chief
executive of the Bursley Building
Society. Mr Rushworth, who is to
retire will continue as a director
of the Society.

City Offices
Hampton & Sons
01-236 7831

01-236 7831

SHIPPING

MINES

OIL

PROPERTY
112 34. 8140

121. **Brax**
cup

129	90	Fran
146	146	Li P
148	93	Gul

211	133	W F F
125	64	McK
44	37	W F F

84	35.2	Wash
125	35.2	Reef
124	35.2	Lo
123	35.2	Reef

44 231, W m

215	215	215
103	103	103
27	27	27

146	25	155
150	501	Can
151	727	Mul

61	41	Calcutta
48 ¹ / ₂	41	Essex
55 ¹ / ₂	29	Essex

Dividend and Share
Company & Price

